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FEDERAL WAY PUBLIC MARKET PRELIMINARY TRADE AREA AND SWOT ANALYSIS

NOVEMBER 2022

PREPARED BY:

THE BOARD OF THE FEDERAL WAY PUBLIC MARKET





The city of Federal Way is at a critical crossroads. Decisions being made now will determine whether we will be able to change the course of our current economic and civic challenges to become a more prosperous, and livable community.

The arrival of light rail in 2025 has spurred renewed energy to create the city's first downtown. The question is, will decisions about our new city center keep us a bedroom community with diminishing resources or will we chart a new course that will provide our residents a place to gather, and more economic prosperity.

Strengthening our local economy and maximizing the return from earlier investments (e.g., Performing Arts & Events Center, Town Center Park, Downtown Staircase) should be key goals in the development of our first downtown. However, we believe plans also must include a town square where residents and visitors can gather and be entertained year-round. Including a public market in the city's first downtown will meet all of these goals.

The following analysis is divided into three sections. **Section 1 – Key Findings** highlights our city's challenges and opportunities, and how a public market is relevant to each. Section 1 is based on the information in Section 2 (*Understanding Public Markets*) and the **Trade Area and SWOT analyses** in **Appendices A and B**.

We encourage city leaders, developers, and other decision makers to review the information in this report as they prepare our city for the future. We believe this information demonstrates why our Board believes a public market must be included in our new city center. This report will serve as a starting point for the completion of more formal feasibility and site studies in the near future that will help determine whether a public market can be financially self-sustaining in our city.

Federal Way Public Market Board of Directors

INTRODUCTION

This report has been prepared by the Board of Directors of the Federal Way Public Market (See Appendix C). It represents a first step in analyzing the feasibility of financing, building, and operating a public market in Federal Way.

Federal Way Public Market

The Federal Way Public Market is a registered charity in Washington State. It currently is fiscally sponsored by Charitable Allies (EIN 85-0839183).

Vision: Establish a community hub to help our city grow as a vibrant and economically prosperous place to live, work, play and worship.

Mission: Establish a public market to create cultural, experiential and educational opportunities for all Federal Way residents.

Primary Goals: To foster economic development and create a central gathering place and town square.

Section 1 is a list of Key Findings developed by the Federal Way Public Market Board based on the information summarized in **Section 2** and **Appendices A and B**.

The information and findings included in this report will be provided to the consultant that is hired to conduct more formal and complete feasibility and site studies.

SECTION I - KEY FINDINGS

The following must be carefully considered when evaluating the value and potential financial sustainability of a public market in Federal Way.

CHALLENGES FACING FEDERAL WAY

1. **City Needs Economic Development:** The escalation of rental housing prices in the Greater Seattle and Eastside communities has increased the number of wage earners, retirees, recent immigrants, and other low-income people moving to Federal Way as employers paying higher wages, like Weyerhaeuser, have left. The city's tax base and tax revenue are no longer enough to address its growing needs. Public markets are proven economic revitalization strategies. They are tremendous assets to their cities. They increase foot traffic which in turn attracts new employers and investment. As business incubators, they nurture entrepreneurs to launch start-ups that may grow into new **locally** owned small businesses. A public market will generate new revenue to improve our city.
2. **Federal Way is a Bedroom Community:** With the lack of good paying jobs, many residents must travel to other cities to work. A small percentage of Federal Way residents live and work in the city. Public markets strengthen local economies and provide amenities that employees of mid-sized and larger employers are starting to demand.
3. **Lack of Tourism Dollars:** Tourism is not a major industry in Federal Way despite its ideal location, (accessible by one interstate and two state highways, near SeaTac International Airport, and between Seattle and Tacoma). With the arrival of light rail, thousands of commuters, and travelers (business and pleasure) will travel to and through the city each day. A public market would attract visitors who would have no other reason to come to the city. This would provide **new** revenue to local businesses and for city services.
4. **Lack of Identity or Positive Reputation:** Since Weyerhaeuser left, Federal Way has lacked an identity. As incomes drop, and crime, homelessness, and drug addiction increase (as it has in communities across the nation) Federal Way's reputation is suffering. Public markets are places people like to go to because they are fun, interactive and reflect what's good and unique about their communities. Public markets contribute in positive ways to the perception of their cities among the general public and business community.
5. **Farmers Market Lacks a Permanent Home:** The Federal Way Farmers Market does not own its own land. As the city center changes and grows, low-cost, open space is disappearing. A public market would provide a permanent and well-equipped location for the Federal Way Farmers Market so it can not only continue but thrive. Public markets and farmers markets do best when they work together.

OPPORTUNITIES TO MAKE THINGS BETTER

1. **Development of the City's First Downtown:** Federal Way doesn't have a downtown, a main street, or a town square/hub. The city's continuing efforts to create its first downtown provides a once-in-a-generation opportunity to incorporate a public market within the city center. A public market would become a central hub, and a year-round gathering place for residents and visitors.
2. **Major sporting events:** The NCAA Men's Swimming Championships will occur at the King County Aquatics Center in 2025. The Men's World Cup Soccer will host events in the Puget Sound area in 2026. Hundreds of thousands of visitors may visit the Puget Sound region for these events. Many could stay in Federal Way. Amenities in a public market would give them a reason to stay here.
3. **Increase Return on Investments:** The city has already built the Performing Arts & Events Center, the Downtown Staircase, and the Town Center Park. In the coming years thousands of new housing units will be added to Federal Way's city center. A public market would not only attract tourists and visitors from surrounding communities, it also would provide services to those living in the city center. Both would increase the use and value of existing and future investments.
4. **City Population Getting Younger:** The age of those moving to and working in the city is getting younger. The city needs amenities like a Public Market that are in demand by this demographic (e.g., shop local and talk to the person who made the product, walkability, protect the environment, value diversity, etc.).
5. **Our Diversity Is Our Strength:** Federal Way will become even more diverse in the coming years. Federal Way's diversity is a strength as employers are seeking to build more diverse workforces. A public market in Federal Way would provide a year-round civic center for residents to promote and celebrate our community's diversity.
6. **Linking to Education:** Access to higher education (with the new HUB) and business incubation services are becoming stronger in Federal Way. A public market would provide under-resourced students and entrepreneurs a place to gain skills and even start new businesses in the city at a low cost.
7. **Community & Business Support:** Through one-to-one conversations, and surveys conducted on the EngageFW.com website, residents have shared they want open spaces to gather and meet year-round. They also indicated support for building a public market in the city's new downtown. A public market would provide a much-needed year-round community gathering place for residents to meet and celebrate.

Business leaders become enthusiastic about having a public market in Federal Way when they understand it's a visitor attraction. More visitors mean greater foot traffic and spending in the city leading to improved bottom lines and more tax revenue to improve the overall health and safety of the city.

COMPETITION

OTHER PUBLIC MARKETS

Two other public markets exist within King and Pierce County. Pike Place Market in Seattle is more than 100 years old and lies at the center of a public market district that includes a farmers' market. More than 100 vendors sell goods at this public market. It is the "gold standard" of public markets nationally and attracts visitors from across the globe. The Pike Place Market is 20 miles (45-60 minutes by freeway) north of Federal Way.

Waterfront Public Market (formerly named the Ruston Public Market) was established next to Tacoma, Washington in 2020 as part of the master development plan for Point Ruston. It houses 30 vendors. The Waterfront Public Market is 15 miles (30-45 minutes) south of the Federal Way city center. The development of this market has been slowed due to the COVID pandemic, contractor disputes, and its distance from a major freeway.

Pybus Public Market is in Wenatchee, Washington. It houses 30 vendors and a farmers' market.

FARMERS MARKETS

Federal Way, like many cities in south King and Pierce County, has had a farmers' market for 15 years. Puyallup, Auburn, and Olympia, Washington also have had large, long-standing farmers' markets.

POP-UP AND COMMUNITY MARKETS

Pop-Up Markets also randomly appear for 1-2 days at various locations in the city during the summer months. They usually sell craft items, but some also sell fruits and vegetables.

COMPETITOR STRENGTHS AND WEAKNESSES

OTHER PUBLIC MARKETS:

Pike Place Market started small and has built a large public market district over more than 100 years. They are nationally and internationally recognized as the "gold standard" of public markets. In speaking to their marketing director, most of the year, the market relies heavily on shoppers living in Seattle and nearby communities. During the summer thousands of tourists visit this public market, many from visiting cruise ships. This market has many strengths. Its size, notoriety, and longevity give it access to a larger customer base market than a Federal Way Public Market. However, there are several negative

factors that are emerging vis-à-vis the Pike Place Market that the Federal Way Public Market could exploit for residents living south of Seattle, including: Pike Market's parking challenges, Seattle traffic, the increasing perception of lawlessness and homelessness in Seattle, and the size of the crowds at the market.

Waterfront Public Market in Ruston is a new public market. Its launch coincided with the start of the COVID virus. The farmers market operates independently a few blocks away. There are several negative factors concerning this market as well. The pandemic, the location of the public market (distance from a major freeway) and contractor disputes have interfered with the initial development of this public market. Logistics, waterfront activities, and traffic patterns prevent many Federal Way residents from visiting that market frequently.

Pybus Public Market (Wenatchee) was launched in 2013. Its strength is that there are no competitors nearby. Its weaknesses are that they must rely on visitors from the Puget Sound area, Portland, and Spokane to survive, all of which are more than 2 hours away.

Farmers and Pop-up Markets:

The strength of farmers markets is that they are community owned and operated. Farmers' markets are beloved by their communities. Most are volunteer run as non-profits. In some cases, city governments, downtown associations, or even public markets operate these markets.

A major strength and weakness of these markets is that they rely on volunteers, many of whom have limited time and skill in running this type of business. Additionally, they are only open between May and October each year and usually one day per week for a limited number of hours.

Vendors must set up and take down their displays each day the market is open. These temporary markets also must make special arrangements for electricity, security, parking, garbage, restrooms, etc. The weather and set-up and tear-down takes time from the vendor's day which takes away from their sales-generating activities. These are challenges that a public market can help alleviate.

Some farmer's markets, like the Federal Way Farmers' Market, do not own land. They've had to rely on leased or donated open spaces/vacant land. A public market can lease space to their farmers and pop-up markets so they have a consistent location and can operate independently if they wish.

OVERCOMING THE COMPETITION

LOCATION: While public markets attract tourists, they are sustained by visitors and shoppers residing within 20-30 minutes of the market. None of the other public markets mentioned above are located within Federal Way's targeted trade area (within 20-30 minutes of our city center).

Federal Way's location and accessibility are major advantages. Its proximity and accessibility from I-5 and two state highways (Hwy 18 and 99) is a considerable advantage. The city will have three light rail stations by 2035, including one in the city center. SeaTac airport which lies between Seattle and Tacoma is less than 15 minutes away by light rail or 20-30 minutes away by freeway.

National public market consultants have told the Federal Way Public Market Board that public and farmers markets do best when they cooperate and/or are located together.

OPPORTUNITIES

DEVELOPMENT OF THE CITY'S FIRST DOWNTOWN:

Federal Way has never had a downtown, a town square, or a Main Street. It has needed a central place for commerce and community gatherings since before its incorporation in 1990. As the centerpiece or hub within the city's first downtown, the Federal Way Public Market would become the "heart and soul" of the city (and possibly South King County). This hub would not only serve Federal Way residents, but also visitors from surrounding communities, and tourists arriving via SeaTac International Airport from all over the world. The movement to create the city's first downtown represents a once-in-a-generation opportunity to integrate a public market as a key element of the city's new downtown.

INCREASE THE NUMBER OF LOCALLY OWNED BUSINESSES

Federal Way businesses recently reported to the Federal Way Chamber of Commerce that our city needs more business support services. This is particularly true for new and under-resourced entrepreneurs who frequently lack the knowledge of how to set up and run their own business. Providing business incubation services (e.g., training, mentorship, access to start-up funding, and low-cost venue), through the Federal Way Public Market would be an enormous asset to the city. It would increase the number of locally owned micro businesses that call Federal Way home.

PERMANENT HOME FOR THE FEDERAL WAY FARMERS MARKET:

Farmers markets and public markets do not compete. National public market consultants have told the FWPM Board that public and farmers markets do best when they operate and/or are located together. Nationwide, public markets lease space to farmers markets so they can operate cooperatively, but independently if they wish.

The Farmers Market in Federal Way does not own land, so it does not have a permanent home. They have had to rely on leasing vacant land, such as the parking lot at the mall. With the growth of the city, and planned redevelopment of the mall property, it will become more difficult to find space. The farmers market needs the security and consistency of a permanent home. The Federal Way Public Market could lease land to the Farmers' Market so they could work as cooperative but independent businesses.

DIVERSITY: (US 2020 Census)

Federal Way is one of the most diverse cities in the state. White alone (43.1%); Hispanic-Latino (17.5%), African American (15.7%), Asian (14.0%), Two or more races (9.4%), Pacific Islander (2.3%), American Indian- Alaska Native (1.0%). The recent US 2020 Census shows that the city's population is now more than 50 percent people of diverse racial and ethnic backgrounds. Many are also foreign born.

None of the other public or farmers markets in the state exist in cities as diverse as Federal Way or celebrate or promote this diversity within their markets. Tapping into this diversity and having it represented in the public market will create a unique experience in the South Puget Sound and will be a significant competitive advantage.

COMMUNITY & BUSINESS ENGAGEMENT AND SUPPORT:

In conversations and through surveys of residents, business leaders, government representatives and community leaders, the Federal Way Public Market Board has found great support for building a public market in Federal Way.

Residents want to support local businesses, build the local economy, and finally have a downtown. They long for a community hub or gathering place for nightlife, meeting friends and business colleagues, and hosting community and cultural events.

City and community leaders also understand that public markets can drive economic development (resulting in stronger local businesses and more tax revenue) a community hub/gathering place for community events and a sense of community and civic pride.

SECTION 2 – UNDERSTANDING PUBLIC MARKETS

BACKGROUND

To determine whether a public market would be viable (community supported and financially self-sustaining) in a city, it's important to understand what public markets are, and compare our city's trade area profile with the factors that make public markets successful (e.g., how and where will the public market fit into the existing community; what will its competitive advantages be; and what unique value will it add to the community).

***Public markets** sell locally grown and produced farm products. They also sell products like meat, fish and poultry, arts, and crafts. They also host community and cultural events, food demonstrations, entertainment and much more. They are open year-round and up to 18 hours per day, primarily by paid staff.*

***Farmers Markets** are traditionally open during the growing season (May-October), generally one day a week (varies by city), 9:00 a.m. to 3:00. These 1-day per week markets rely on pop-up tents and require participants to break down their booths and vacate the location at the end of each day*

CHARACTERISTICS OF SUCCESSFUL PUBLIC MARKETS

Successful public markets rely on a different mix of factors than traditional retail. While there are some common factors, such as demographics and income, public markets require additional analysis to assess:

1. The level of community, business, and political support
2. Their fit with the culture, values, priorities, and policies of a city
3. The population size of the surrounding trade area
4. The city's location and accessibility using existing transportation infrastructure and systems.
5. The potential to attract tourists and visitors from surrounding communities.

BENEFITS OF PUBLIC MARKETS

1. They promote economic development by attracting more "foot traffic" to the city.
2. They are open year-round and up to 18 hours per day which can enhance public safety.

3. They make their cities “must see” destinations for visitors, tourists, and shoppers from surrounding communities.
4. Greater foot traffic increases local business and tax revenue which provides more financial resources for the city and/or reduces the tax burden on residents.
5. They include only local vendors (national chains and franchise vendors are not allowed), so the money spent in market benefits that city.
6. As the local economy improves, cities attract new employers, new jobs, new businesses, and more investment. Land values also increase, which means more tax revenue.
7. They provide a year-round hub for residents and visitors to gather and celebrate, including community and cultural events, food demonstrations, entertainment, etc.
8. Those that include business incubation services help start-up vendors to launch their businesses at a lower cost.

WHAT CONSULTANTS TELL US

Economic Development – Public markets are proven economic development strategies. They increase local “foot traffic” by serving as places for daily shopping and gathering by residents, and as tourist attractions/destinations for visitors, tourists, and residents of surrounding communities.

Business Incubator – Across the nation, public markets provide business incubation services that help entrepreneurs start and run their own microbusinesses. These incubators provide training, mentoring, and access to start-up funding. These business incubators are unique in that they can also provide entrepreneurs low-cost space and access to public market customers. Once they have established a strong customer base, these start-ups can move into larger spaces (in the market or elsewhere in the city).

Malls vs Public Markets – Malls (like the Federal Way Commons) are designed to make it easy and comfortable to shop. However, people who shop in malls are spending less and less time there. They go to their preferred store, get what they need, then leave. People shop in public markets (for unique locally grown and produced goods), but many go there solely to attend events, gather with others, and enjoy the experience (the sights, sounds, and smells). The result is that visitors spend more time and money in public markets each time they visit.

Target Markets for Public Markets

- City Residents: Public markets must be welcoming to all! They are only successful if they are designed to reflect profile, needs, priorities, diversity, and culture of all who live in a city regardless of age, gender, race/ethnicity, nationality or financial/social status.
- Residents of surrounding communities (within 20-30 minutes) – many of whom might have no other reason to visit the city.
- Tourists & other visitors.

Public Market Growth and Trends – A renowned, and nationally recognized public market development consultant shared with the Board that while hundreds of shopping malls have closed or repurposed in the past decade, the number of public markets and farmers markets has greatly increased in cities across the nation as national trends change toward:

- Shopping local to support local businesses, increase access to unique, locally grown/ produced goods (and the people who make them), and lessen shipping distances to protect the environment and improve food quality.
- Creating community gathering places (particularly given the isolation resulting from COVID).
- Acknowledging and celebrating diversity.
- Providing walkable communities to reduce the use of cars and the need for parking which protecting the environment.

Stability – Public markets are complex entities. To succeed, they must augment, not conflict, with local priorities, commerce, culture, values, policies, and infrastructure. The feasibility and location of the market must be carefully studied to ensure it is located, designed, financed, and operated in a way that will support and add value to a community.

FINAL THOUGHT

More than thirty years ago, visionaries made a bold move to incorporate our city. They wanted to ensure the destiny of the city was in the hands of the people who live here.

Our city is currently facing many challenges; however, Federal Way remains a great city - in a desirable location, with great beauty and diversity, many amenities, and great people. To overcome our challenges, we need to take advantage of the once-in-a-generation opportunities now before. We also must make good, resident-centered decisions that will allow our community to become more prosperous, connected, safe, and livable in the future.

Building a public market in our new downtown is such a decision. It will support walkability in our city center, help revitalize our city's economy, and enhance the value and use investments already made. It will create the "heart and soul" – a hub for community gathering, and economic renewal!

APPENDIX A

TRADE AREA PROFILE OF FEDERAL WAY

The following is an initial summary of pertinent data about the Federal Way trade area, and the results of an informal SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis performed by the FWPM Board.

This report was not prepared by a professional consultant. However, it is based on feasibility and SWOT analysis reports prepared for other public markets, and by Federal Way Public Market board members with many years of experience in small business, project management, and architecture/public market design.

The FWPM Board will provide the following information to the professional consultant who is hired to conduct more rigorous, formal feasibility and site studies.

SIZE OF TRADE AREA:

- The city of Federal Way is in south King County Washington. Its city center is 40-45 minutes south of downtown Seattle, 20 minutes north of downtown Tacoma, and 20 minutes south of SeaTac International Airport. It is located between two major north-south highways, Interstate 5 and Highway 99, and is accessible from the east by state Highway 18.
- King County is 2,307 square miles (5,980 km²). Its population is 2,269,675 (US 2020 Census) which ranks it 13th in population size among all the counties in the United States. Neighboring Pierce County has a population of 920,000 people.
- In 2020, the Economic Development Director of the City of Federal Way told the Federal Way Public Market Board that the city has a retail trade area of more than 300,000 people. Public market consultants have shared that a public market must have enough people living within 20-30 minutes of the public market for it to thrive.
- Analysis of population data show that more than one million people reside within thirty minutes of the city center (the preferred location of the Federal Way Public Market). With the arrival of the light rail in 2025, thousands more living along the I-5 corridor will have easy access to Federal Way's city center. Finally, millions of visitors (e.g., tourists and sporting event fans) arrive each year via SeaTac Airport. The airport is 20-30 minutes south of Federal Way by freeway and 15 minutes via light rail.

- **Community Identification:** Federal Way is a bedroom community. Many people who live in Federal Way work in other cities, particularly those earning higher wages. A small percentage of Federal Way residents both live and work in the city.

CITY DEMOGRAPHICS

Population size: (US 2020 Census and Federal Way Chamber of Commerce)

- County Population Size: King County - 2,252,305 people; Pierce County – 921,130 people (US Census)
- City Population Size: 101,030; Current population: 99,037 (2021 populations estimate); 10th largest city in Washington State (US Census):
- Population growth: Federal Way: 4.3%; King County: 8.8%; Washington: 7.5% (Chamber)

Age: (US 2020 Census)

- Median age of 36.2 years (Male 34.7 years and female 37.8 years) - the same median age as King County as a whole
- Residents under 18 years of age: Federal Way: 23.6%; King County: 20%
- Residents 65 years of age and older: Federal Way: 13.5%; King County: 13.8%

Diversity: (US 2020 Census and Federal Way Chamber of Commerce)

- White/non-Hispanic: 43.1%; Hispanic or Latino: 17.5%; Black/African American: 15.7%; Asian: 14%; American Indian/Alaska Native: 2.3% (US Census)
- Non-white residents: Federal Way 62%, King County 46%, Washington State 36% (FW Chamber)
- Federal Way School District is the 5th most diverse school district in the United States with 120 languages spoken. (Federal Way Public Schools)
- Foreign born: Federal Way: 26.7%; King County: 23.7%; United States: 13.5% (US 2020 Census)

Education: (US 2020 Census)

- High school graduate or higher (percent of persons 25 years and older): 89.2% vs King County: 93.4% vs United States: 88.5% (US Census)
- College Educated – 29.4%; King County: 53.4% and United States 32.9%

Housing: (US 2020 Census, Zillow, Federal Way Chamber of Commerce)

- Median value of owner-occupied housing units: \$359,000; Median monthly owner costs (with mortgage): \$1,985; Median owner costs (without a mortgage): \$682 (US Census).
- Listing home price in Federal Way (2022) - \$600K (trending up 20.2% year-over-year). Change in median home sales price (between 2010 and 2020): 91% (Zillow).
- Relative affordability (cost of living index): Federal Way: 126.5; King County: 159.8; Washington State: 100.00. (FW Chamber)
- Housing mix: 51.4% Single Family; 31.4% Apartment complexes; 10% Small Apartment complexes (FW Chamber)

Earning/Wages (US 2020 Census)

- Median household income: Federal Way: \$68,700; Auburn: \$76,400; King County: \$99,200; Washington: \$77,000; United States: \$64,994 (US Census)
- Share of residents employed in high wage jobs (paying 75% higher than the median): Federal Way: 16%; Auburn 13.6%; King County: 29.4% and Washington: 20.5%
- Share of residents employed in low wage jobs (paying 40% less than the median): Federal Way: 24.6%; Auburn: 22%; King County: 15.9%; Washington: 19.6%
- Per Capita (per person) income: Federal Way: \$32,788; King County: \$38,211; Washington: \$56,385; United States \$35,384.
- Poverty Rate – Federal Way: 11.2%; Auburn: 9.2%; King County: 8.4%, United States 12.8% (FW Chamber)

Employment /Jobs (Federal Way Chamber of Commerce)

- Total Job Growth: Federal Way: 10.3%; Auburn: 11.9%; King County: 15.8%; 13.0% Washington
- Unemployment Rate: 3.9%; Auburn: 4.3%; King County: 2.9%; Washington 4.7% and United States 4.1% (FW Chamber)
- Free and Reduced Lunch - 68% of students attending Federal Way Schools receive free and reduced lunches. (USDA Free and Reduced Lunch Program)
- Employed in FW but live outside Federal Way: 23,743 (FW Chamber) – 89.4% of those working commute to work, similar to Auburn and Kent. Bellevue: 74%
- Live outside FW but work in FW: 37,152; 84% (FW Chamber)
- Live, work and play in FW: 4,320 (FW Chamber)

- Ratio of local jobs to residents: 0.37 jobs per resident; Auburn: 0.60; King County: 0.60; United States: 0.42 (FW Chamber).
- Mean travel time to work for workers 16 years and older: 35.5 minutes; King County: 29.8% and United States: 26.9% (US 2020 Census)

Employment (Number of Employees/Average wage) (Source: FW Chamber of Commerce)

1. Government (includes schools): 7,440/\$82,000
2. Healthcare: 4,212/\$76,331
3. Entertainment: 3,507/\$38,200
4. Retail: 3,303/\$45,100
5. Construction: 3,390/\$84,365

CITY CODES AND REGULATIONS:

City codes and regulations will affect what kind of public market facility we can create. We will need some advice and direction on how to navigate the city codes. Some of the regulations we are aware will affect this project are:

Potential Business Code Classifications: While Federal Way Public Market will contain more than food and drinking places, this code may apply to this project. There may be others as well.

5510	Management of Companies and Enterprises	551	7220	Food Services and Drinking Places
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City Codes:

- Building Codes
- Style, Size, Setback, Accessibility, Traffic Flow Patterns, Pedestrian Flow Patterns, Parking, etc.
- Fire & Safety Codes
- Ingress, Egress, Fire Suppression Systems, First Aid and Defibrillator
- Business Licensing Codes
- Public Market Codes

- Vendor Codes
- Special Events / Liquor Licensing Codes
- Food Handling Codes
- Employment Codes

There may be other city codes and regulations we aren't aware of yet that we will also need to consider during the expansion of this project to bring it successfully into fruition.

APPENDIX B

SWOT ANALYSIS

STRENGTHS, WEAKNESSES, OPPORTUNITIES & THREAT

The following describe the Strengths, Weaknesses, Opportunities and Threats of building a public market in the city center of Federal Way (new downtown).

STRENGTHS

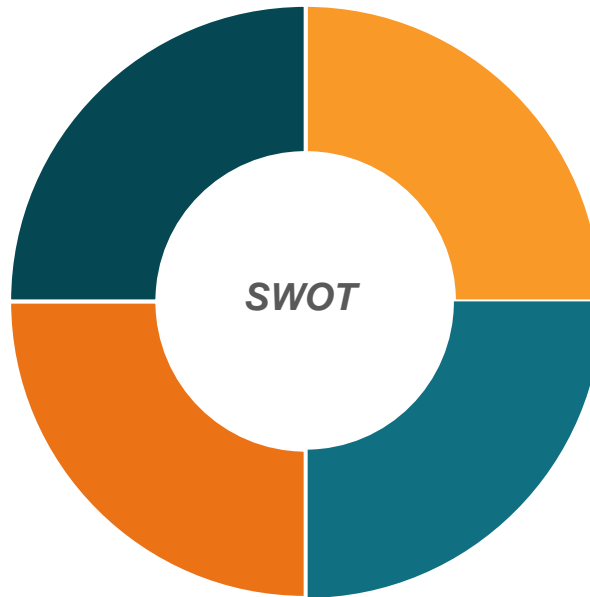
Advantage
 Capabilities
 Assets, people
 Experience
 Financial reserves
 Value proposition
 Price, value, quality

WEAKNESSES

Disadvantages
 Gap in capabilities
 Cash Flow
 Suppliers
 Experience
 Areas to improve
 Causes of lose sales

OPPORTUNITIES

Areas to improve
 New segments
 Industry trends
 New products
 New innovations
 Key partnership



THREATS

Economy movement
 Obstacles faced
 Competitor actions
 Political impacts
 Environmental effects
 Loss of key staff
 Market demand

STRENGTHS

Assets that exist that support the building of a public market

1. Geographic Location
 - Between 2 major Cities – Seattle and Tacoma
 - Near SeaTac International airport
 - Ports of Seattle and Tacoma
 - Nearby Casinos: Muckleshoot, Emerald Queen Casino, Snoqualmie Casino, BJ’s Casino
2. Vistas in the town center: Mt Rainier, Olympic Mountains, and the majority of Federal Way’s city center
3. Transportation

- Bus Transit Center with parking lot
 - Light Rail Station (2025)
 - Accessible via Interstate 5, Hwy 99, and Hwy 18
4. Existing Local Amenities
 - Performing Arts & Events Center (PAEC)
 - King County Aquatics Center
 - Celebration Park
 - Camp Kilworth
 - Wild Waves
 - Access to waterfront (Redondo, Dash Point & Saltwater State parks, Dumas Bay Center & Theatre)
 - Parks & trails (Rhododendron & Bonsai gardens, Powell's Wood, BPA Trail)
 5. Diversity – Federal Way is one of the most ethnically diverse cities in the Puget Sound region.
 6. Connection to higher education to careers – HUB (U of Washington/Highline/Federal Way Schools Green River, and business incubation programs
 7. Affordability: Land is affordable compared to other cities in the Puget Sound region
 8. Community support – Early surveys show support for open space and a public market in the city center among residents, businesses and business leaders and government leaders
 9. Board commitment – The Federal Way Public Market Board are all long-term residents committed to making the public market community-driven, and Federal Way a great place to live, work, and play.
 10. Board willingness to start the public market small then grow over time as the market gains profitability and acceptance in the community
 11. Board ability – Comfortable working with leaders at city, state and county levels
 12. Board Intent – To set up as a 501(c)(3) organization so the public market can be run by a non-profit, not government officials
 13. Many existing Community Events year-round including the Federal Way Farmers Market and other community events.

WEAKNESSES

Factors that must be addressed for the public market to succeed

1. Confusion with farmers markets – Residents frequently think farmers markets and public markets are the same type of entity.
2. Lack of government revenue and tax base: Insufficient municipal government funds to support planning and design of the public market.
3. Fiscal sponsor – The Federal Way Public Market organization currently does not exist as its own non-profit with its own EIN. We have applied for our own EIN. We are awaiting IRS recognition as a new entity. Until that occurs, we are working under the umbrella of a fiscal sponsor.
4. City has poor reputation with developers due to permitting issues, lack of incentives and large school mitigation fees they must pay to develop property in the city (FW Chamber)
5. City's Poor Reputation – Decreasing incomes, increase in affordable housing, crime, homelessness, and drug addiction, have damage the city's bad reputation among the general public and business community.
6. Federal Way Public Market currently has a small number of volunteers
7. Limited Board knowledge about running a non-profit and a Public Market; Unfamiliar with processes of city and county governments; fundraising knowledge, skill and/or capacity
8. Lack of additional Board members with specific skill sets - grant writer, public market management, staffing
9. Lack of local tourism/tourist attractions – Federal Way lacks museums, conventions, large events, and recognizable wedding venues, etc. Only Wild Waves, King County Aquatics Center, Rhododendron and Bonsai gardens, and state parks generate tourism dollars. The city also has small hotels and lacks sufficient hotel space to support increased tourism.
10. Lack of an existing and recognized downtown. (FW Chamber)
11. Workforce Migration: Employed in FW but live outside FW: 23,743; Work outside FW but live in FW: 37,152; Live, work and play in FW: 4,320; 84% of local jobs filled by non-residents (FW Chamber)
12. Ratio of local jobs to residents: 0.39 jobs per resident (national average: 0.44 jobs/resident; Auburn is 0.69 jobs per resident (FW Chamber)
13. Slow growth of population and jobs: Federal Way's population grew 4.3% from 2015 to 2020; Auburn – 8.6%, King County – 15.8%. FW job growth (2015- 2019) – 10.3%; Auburn – 11.8%; King County – 15.8%; Washington – 13.0%. (FW Chamber)

14. Low industry diversity – Our largest employment sectors are Government (school district), Healthcare, Entertainment, Retail, and Construction. None of these are primary employment sectors (FW Chamber). Retail and entertainment pay salaries well below average (\$45,100 and \$38,200 respectively).
15. Limited career pathways – Youth leave upon graduation; Only 16% of FW residents hold high-wage jobs (paying 75% higher than the median) which is ½ of King County overall (FW Chamber)
16. Low wage jobs: 25% of Federal Way residents are employed in low wage jobs compared to 16% in King County (FW Chamber)
17. Few small business resources – The Chamber of Commerce found that our city had fewer for these resources than other counties, particularly for diverse, foreign born, and non-English speaking businesses (FW Chamber)
18. Small hotels and not enough hotel rooms for visitors and tourists (Seattle Southside Tourism Authority).

OPPORTUNITIES

Emerging, existing, or potential factors that will support development of the public market

1. Arrival of Light rail: The arrival of light rail in 2025 is creating a once-in-a-generation opportunity for the city to develop its first downtown. The City of Federal Way, Sound Transit, the Commons Mall and the Chamber of Commerce have intensified efforts to take advantage of this opportunity and are working to create the city's first downtown. These efforts create an opportunity to build a public market in the city's center (new downtown).
2. Funding: Several factors make this a particularly opportune time:
 - City efforts to update its Comprehensive Plan by the end of 2024, including development of the city's first downtown.
 - Substantial Federal dollars (ARPA funds, state and federal infrastructure and capital improvement funds)
 - Arrival of light rail in Star Lake and downtown Federal Way by 2025 and south Federal Way by 2036.
 - Existing but underutilized amenities (Town Square Park and PAEC)
 - City ownership of TC3 and efforts underway to develop this property.
3. City under-developed economically – The city is under-performing economically (has been classified as a federal Opportunity Zone) which presents an opportunity to do economic development and expand the tax base.

4. National / International Trends - Towards more robust city centers that are welcoming, safe, walkable, and have open spaces to gather.
5. Start new micro-business – By providing business incubation services, entrepreneurs, with limited resources, can start new small businesses within the public market.
6. Potential for the downtown to operate 18 hours per day - Host new community events – night markets, artisan markets, holiday and cultural celebrations.
7. City Council vote to remove school impact fees – provides incentives to developers.
8. Opportunity to expand tourism sector – Currently Wild Waves, the Rhododendron and Bonsai gardens and events at the King County Aquatics Center drive most of the tourism revenue in the city.
9. Maximize city center investments – Previous investments: Performing Arts and Events Center (PAEC), stairs, Town Center Park. Future investments: TC3, Sound Transit TOD, Commons Mall, and other city center properties
10. Under-performing tourism sector: The limited number of tourist attractions means there is an opportunity to strengthen revenue in this sector via the public market.
11. Lack of Living Wage Jobs: The public market would serve as an amenity and economic development tool to attract middle size and larger employers that pay living wage jobs.
12. National trends: Walkability, buy/shop local, protect the environment; people's desire to gather post-COVID.
13. Diversity: Federal Way is now more than 50% people of color. Government, foundation, and corporate giving is increasingly focused on addressing disparities and providing resources/opportunities for under-resourced groups.
14. City's Poor Reputation – A public market and the improvements it brings, present an opportunity to change and improve the city's reputation.

THREATS

Emerging, existing or potential factors that could interfere with the development or success of the public market

1. Existence of Waterfront Market at Ruston
2. Potential creation of (two) international market(s): one just north of Federal Way, and the other in south Federal Way created by El Centro de la Raza.
3. Poor initial outcomes for the Waterfront Public Market at Ruston

4. Another close by city develops a similar Public Market-type venue
5. Changes in State, County, and City laws affecting business and/or residents
6. Increased Homelessness
7. City's Lack of Identify and Negative Reputation
8. Changes in population demographics - that would reduce available customers with sufficient income to shop at a public market, and reduce the number of people starting businesses
9. Geo or political changes that affect the population
10. Changes to National and Local trends
11. National economic uncertainty
12. Another pandemic
13. Poor business reputation
14. Permitting challenges
15. Disconnect between business community and city leaders - due to poor communication
16. Lack of plan to build infrastructure to support vision of creating a tech hub

APPENDIX C
FEDERAL WAY PUBLIC MARKET BOARD OF DIRECTORS
NOVEMBER 2022

PRESIDENT

ROGER FLYGARE
OWNER: FLYGARE AND ASSOCIATES

VICE-PRESIDENT

GREG MCCANN
MANAGER AND PILOT: BOEING COMPANY

SECRETARY

DAVID HARRELSON
RETIRED: FORMERLY WASHINGTON STATE DEPARTMENT OF HEALTH

TREASURER

NICOLE CUTHBERTSON
ALLIANCE REPORTING

CHIEF OF STAFF

ANN MICHELLE HART
OWNER: HART LAW, LLC.

DESIGN LEAD

RINO BALATBAT
SEMI-RETIRED: ARCHITECT

MEMBER

RON WALKER
KAISER PERMANENTE - RADIOLOGY