

# **CITY OF SAN ANTONIO**

## **CITY MANAGER'S OFFICE**

**TO:** 2017 Facilities Community Bond Committee

**FROM:** Erik Walsh, Deputy City Manager

**COPY:** Sheryl Sculley, City Manager; Executive Leadership Team; Mike Frisbie, Transportation & Capital Improvements Director; Charles N. Hood, Fire Chief; Melody Woosley, Human Services Director; Ramiro Salazar, Library Director; Xavier Urrutia, Parks & Recreation Director; William McManus, Police Chief; Colleen Swain, World Heritage Director

**DATE:** October 26, 2016

**SUBJECT:** 2017 FACILITIES COMMUNITY BOND COMMITTEE REQUESTED INFORMATION

This memo addresses requests for information from 2017 Community Bond Committee members and citizens regarding the Facilities 2017 Community Bond Committee meeting held on October 18.

### **Library Facilities**

**Library & School Partnerships** - Committee member Manual Garza (District 5) asked if the Library had looked for a partnership with Memorial High School. Ramiro Salazar, Library Department Director, responded by stating a partnership is part of the long-term vision. The Library Department has an informal partnership with the school district.

The San Antonio Public Library has 28 branch libraries with two new locations scheduled to open by February 2017. Through these locations, the Library is a resource for students throughout San Antonio and Bexar County, which include tours, school visits and library card sign-up initiatives.

The San Antonio Public Library currently has formal partnerships with the following school districts:

#### **San Antonio Independent School District (SAISD):**

- The formal partnership allows SAISD to pursue strategies to facilitate student access to public library resources as part of the White House initiative, ConnectED. The following are sample initiatives related to ConnectED:
  - Online only student library cards, as a ConnectED Initiative;
  - Pilot project at Jefferson High School to provide all students an online only San Antonio Public Library Card using the student's ID number as their library card number; and
  - Library Cards are identified as a supply on the Back to School Supply List.

#### **North East Independent School District (NEISD):**

- The Molly Pruitt Library at Roosevelt High School serves as a branch library for the northeast side of San Antonio. This model entails the following:
  - San Antonio Public Library provides materials and resources needed to provide public library access
  - NEISD provides staffing, policies, and maintenance.
- San Antonio Public Library provides space and promotion for the Summer Lunch Program at library locations within NEISD, while NEISD provides the summer meals.

**Edgewood Independent School District (EISD):**

- The Little Read Wagon of the San Antonio Public Library provides early literacy workshops for teen parents and their children, as well as parenting classes.
- San Antonio Public Library also provides information on the library, cards, and additional resources.

**Potranco Branch Library** – Co-Chair Joe Linson asked if staff could provide information and send an invite regarding ribbon-cutting of the new Potranco Branch Library scheduled on November 4. Attachment A includes a copy of the Potranco Branch Library ribbon-cutting invite. A calendar invite will be sent to committee members as well.

**Fire Station Priority #2 (Wellness Center) & Priority #3 (Fire Station 33 Replacement)** – Co-Chair Joe Linson asked if staff could please include additional information on Fire Station projects priority #2 (Wellness Center) and priority #3 (Fire Station 33 Replacement) that were not included in staff recommended project list.

**Priority 2 - Health, Education, Advancement, and Training Center**

With the constant expansion of services provided, the Wellness Center has out grown its current facility. There are no facilities for showering, after rehabilitation or exercise sessions. This facility will provide space for a medical training facility. It will also increase available parking for personnel utilizing current and future programs.

**Priority 3 - Fire Station 33 Replacement**

Currently, Fire Station 33, built in 1972, is located at 2002 SW 36<sup>th</sup> Street, which is in City Council District 5. The space is limited for a modern apparatus and the structural stability has been problematic at this station. The Department is evaluating areas near the current station to build another suitable facility, which will meet the needs and requirements for the Fire Department.

**Southwest Natatorium & Market Square Facilities**

**Southwest Natatorium** – Miguel Sepulveda (District 4) asked if the Committee added the Southwest Natatorium what would be the impact to Palo Alto College. City staff is working with Alamo Colleges to provide the information requested and will make available to the Committee at the next meeting scheduled for November 1.

**Market Square** – Committee member Lora Eckler (District 6) asked if the City could provide the last facility study they have on Market Square. Attachment B includes a copy of the last facility study conducted on Market Square.

**Facility Projects**

**Previous Bond Facility Projects** – Committee member John Nicholas (District 8) asked if the Committee could receive a list or handout of the projects included in the 2007 and 2012 Bond. Attachment C includes a list of the 2007 and 2012 Facility Bond Projects.

**Facility Project Selection Criteria** – John Nicholas (District 8) asked if the Committee could get some additional details on the projects selection criteria to help the committee understand how the projects were included as part of staff recommendation. Each of the staff recommended facility projects that were analyzed and rated based upon the eleven approved Guiding Principles and were in alignment with SA Tomorrow goals such as Community Health & Wellness, Public Facilities & Community Safety and Strategic Development as it relates to facilities. For your reference, a description of each of the goals is listed below.

*Community Health & Wellness*

Invest in key facility capital improvement projects and services to improve and provide quality public services for our community.

*Public Facilities and Community Safety*

Build and improve public facilities that provide residents sustainable, safe, convenient, efficient and quality services.

*Strategic Development*

Continue to collaborate with partners to leverage resources for capital improvements that help prepare the city for growth and development projected through 2040 and redevelopment of key areas.

A list of the Guiding Principles has been included in each of the committee members' informational binders. For ease of reference, a copy has been included as Attachment D.

**Staff Recommended Project Cost Breakdown** – Committee member Marilu Reyna (District 3) asked if staff could provide “demographics” or project specifics to include breakdown of costs of staff recommended projects. Attachment E includes a list of the staff recommended projects with associated cost breakdown.

**New Project Requests** – Co-chair John Clamp asked who was keeping track of project requests of both new projects and staff recommended project increases. City staff will be keeping track of project requests and will provide an updated list at the next Facilities Community Committee meeting. Attachment F includes the current list of new project and staff recommended project increase requests.

**ATTACHMENTS:**

- Attachment (A) - Potranco Branch Library Ribbon-Cutting Event Invite
- Attachment (B) - Market Square Facility Study
- Attachment (C) - 2007 & 2012 Facility Bond Projects List
- Attachment (D) - Staff Recommended Guiding Principles
- Attachment (E) - Staff Recommended Projects With Cost Breakdown
- Attachment (F) - Facility New Project and Staff Recommended Project Increase Requests

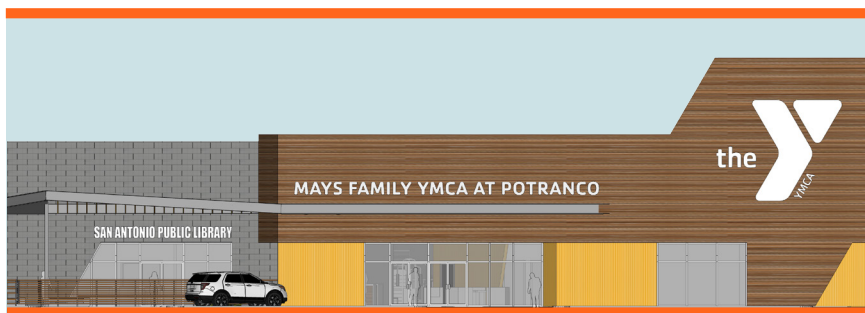
# **ATTACHMENT A**

# You're Invited!

## GRAND OPENING

POTRANCO BRANCH LIBRARY | MAYS FAMILY YMCA AT POTRANCO  
8764 State Hwy 151, 78251

SERVING FAMILIES AND THE COMMUNITY TOGETHER



TAKE A TOUR OF THE SHARED SPACE. MEET THE STAFF. GET INVOLVED.

### FRIDAY, NOVEMBER 4, 2016

4:00 PM Ceremonial Program

4:30-7:00 PM Facility tours, activities, refreshments and more.

7:00 PM Outdoor Screening of



& Food Trucks\*

\*Ceremonial program rain or shine. In the event of rain the movie will be postponed to another date.



FEATURING REMARKS BY  
COUNCILMAN  
RAY LOPEZ, DISTRICT 6



CITY OF SAN ANTONIO  
TRANSPORTATION & CAPITAL IMPROVEMENTS



CITY OF SAN ANTONIO  
PARKS & RECREATION



October 31, 2016

10/12/2016 @ 1:57PM

# **ATTACHMENT B**





# Market Square, San Antonio Retail Management Study

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## EXECUTIVE SUMMARY

Market Square is a historic and culturally significant place in San Antonio. Traditionally a produce market, Market Square has progressed and changed to become a Mexican and Latin American themed marketplace full of lively entertainment, eating and drinking, and vendors selling Southwestern, Native American, San Antonian and Mexican and Latin American themed crafts.

Market Square, located on the western edge of Downtown, is able to draw significant tourists throughout the year as well as locals for special events. However, the primary challenge is a lack of comprehensive management for the entire facility. There is a strong emphasis on building operations but not enough focus on marketing, sales performance and vendor recruitment.

A review of the opportunities and issues includes:

- ▶ Vendor product mix and merchandising: good size market with enough potential critical mass to create a significant draw but the vendor mix is unbalanced and lacks specialization
- ▶ Operations: City is in the process of updating significant infrastructure issues and there is a plan for further improvements
- ▶ Physical design: there is a need to create increased flow and synergy between the buildings and uses within Market Square and Downtown
- ▶ Financial performance: Market Square produces over \$1.3 million in revenue but expenses are slightly higher and not allocated for maximum effect
- ▶ Parking: over 1,500 stalls nearby but all are not dedicated to Market Square visitors
- ▶ Hours of operation: an inconsistent experience that affects consumer sentiment
- ▶ Marketing and promotions: lack resources to produce a cohesive and competitive marketing campaign
- ▶ Management structure: A review of city managed, non-profit trust, and private sector management options revealed the following analysis:

# Executive Summary

## Management Alternatives

	City Operations	Non-profit Trust	Private Sector Management
Rental Revenue Potential	▶ Can have the greatest risk of under-achieving because the City can find it difficult to push for market rents	▶ With enough independence, can match private sector's ability to achieve market rents	▶ Best chance to maximize rental income
Costs	▶ Can have a hard time minimizing costs and lack of incentive for cost reduction	▶ May have the same problems as the City operations and conflicts over responsibility (e.g., maintenance, marketing)	▶ Best chance to achieve minimum operating costs
Administrative Efficiency	▶ Has the potential to be less efficient than other options, but this depends heavily on the organizational structure and individuals	▶ Can match the private sector because the Trust is focused on Market Square	▶ Likely to be the leanest organization
Net Income to City	▶ Paradoxically can generate most cash to the City because no funds are retained by the Trust or private sector	▶ Can produce the same result as the City operations unless the Trust retains significant reserves	▶ Can produce the lowest payment to the City because the private sector operator requires profit and is essentially only paying rent for the building
Character of Market Square	▶ Should be little risk of gradual erosion of Market Square character due to tenant mix problems and should produce the optimal community public space	▶ Probably the same as under City operations	▶ Greater risk of gradual shift in the tenant mix to enhance revenues but possibly at the expense of local unique character. Probably more regimented in terms of public use of the space

## Vision

It is time for a bold and exciting vision for Market Square. The vision for Market Square should be the best Mexican and Latin American themed craft, eating and drinking, and entertainment market in the U.S. It should be nationally known for its unique products reflecting traditional Mexican and Latin American specialties as well as San Antonio's rich Hispanic heritage.

Market Square will play a much broader and more important role in the City's future. It will continue to focus on Mexican, Latin American as well as Southwestern U.S. and Hispanic San Antonian themed crafts, eating and drinking, and entertainment, but Market Square will also

help revitalize the Downtown's west end by offering a much wider range of products and programming for the local residents.

As a crossroad for civic and tourist activity, programs can feature cultural planning activities, events, tourism and convention programs, as well as entertainment, demonstrations, and learning associated with the themes addressed. This broader appeal will generate more visits and make much better use of this valuable cultural asset. It reinforces the brand image as the number one place to visit for this experience.

## **Recommendations**

The review revealed that due to the extremely competitive tourism industry in San Antonio, the City is not able to effectively manage this resource to its full economic and cultural potential. Lack of resources to manage and direct Market Square is the primary reason. In addition, there needs to be a stronger, enforceable management policy. A third party entity, whether a non-profit trust model or local independent contractor would need to marry the need for strong, disciplined, and creative management with the need to market the historic and unique cultural identity that is authentic to San Antonio. The recommendation is to shift to management and operation by a third party entity.

With an effective and efficient management structure, tenancies will need to be re-examined to create increased product specialization with a renewed emphasis on Mexican and Latin American themed crafts. Complementary vendors and more eating and drinking retailers will be required to round out the visitor experience. In addition, a cultural food experience based on a culinary niche will enhance the overall experience. A third party with experience in retail leasing and management could develop a recruitment program to identify quality tenants in specific categories, adjust leases to include stricter controls on what is sold, charge percentage rent, and offer incentives and penalties to achieve vision (e.g., offer improved business assistance programs as well as penalties for non-compliance with the lease). These changes are related to the publicly owned areas but increased coordination and leasing with the private sector building owners in Market Square is required. A potential Market Square Partnership may be required to oversee the coordination efforts.

A partnership could build off the vision and allocate marketing, promotional and special event resources including staffing to competitive levels of other San Antonio facilities. A budget of 1 to 2% of total sales should be considered.

## 1.0 INTRODUCTION

San Antonio became an important trade center since its early founding in 1718. Under orders by the Viceroy of New Spain, there were to be “squares, parks, and plazas for the people ... for their use and entertainment.” By the 1730s, plazas and squares began to function as trading markets, most notably Plaza de Armas/Military Plaza (current City Hall), Plaza de las Islas/Main Plaza, and Alamo Plaza.

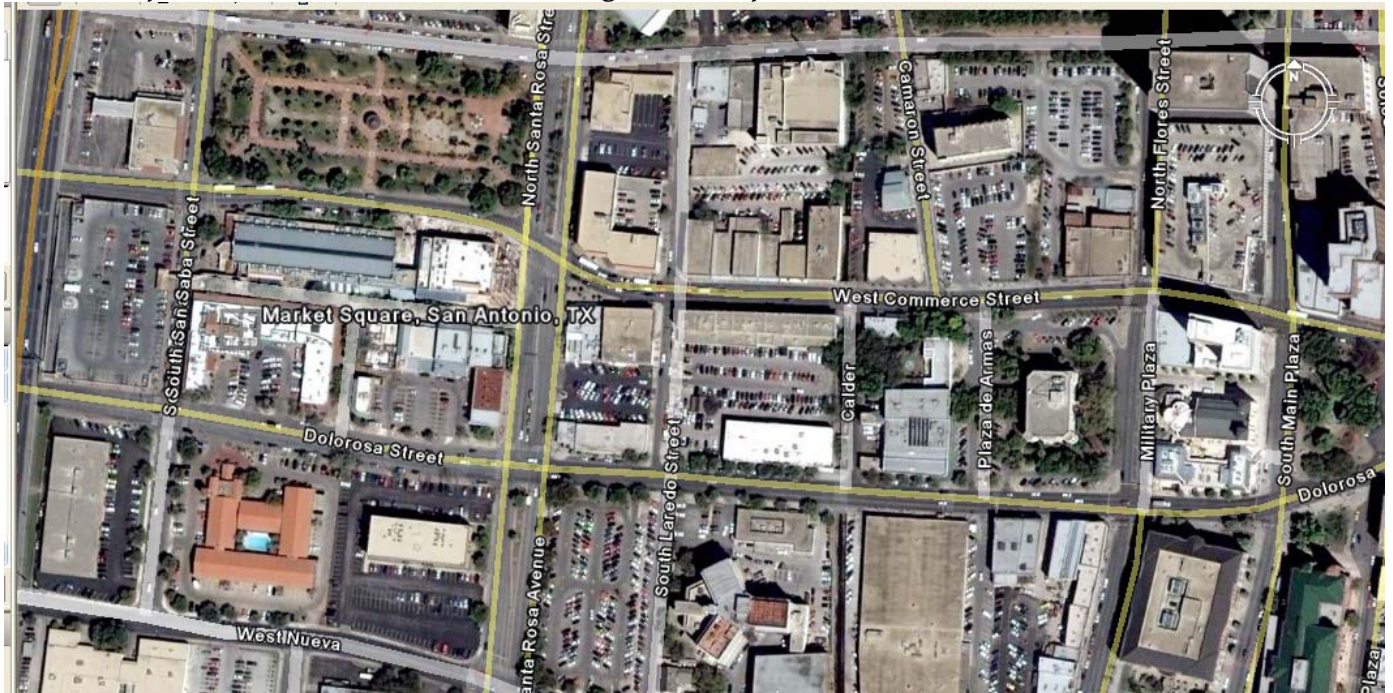
The first Market House was located on the north side of Plaza de Armas in the 1840s. In the 1860s, a new Market House was built on the north side of Plaza de las Islas/Main Plaza. The plazas were still used for farmers and vendors. In the 1890s, the building of City Hall necessitated the relocation of the farmers to what was known as Presidio Square in present day Produce Row/Commerce Street area. San Antonio’s Municipal Market anchored by the Giles market house was built and provided a beacon for the area. Additional farmers and vendors gathered around the building to create a very lively atmosphere. In the 1930s Market Square house was demolished and a new building was built on the site in Market Square (the present day El Mercado building). Originally built as an open-air building, it continued to operate as a farmer’s market. In the 1970s, the San Antonio Development Agency enclosed the open-air building to become a bazaar with shops, and Produce Row and Concho Street were made into pedestrian streets. In 1994, Farmer’s Market Plaza was built originally to house 10 in-line stores, 20 kiosks, 6 food court spaces, 5 specialty spaces, and 17 pushcarts. Recently, the Plaza was redeveloped to replace the kiosk-pushcart concepts and create more stalls for merchandising.

Phase I of the Market Square Rehabilitation project for Produce Row and Concho Plaza that included new storm drains, new paving, a new power and lighting system, and utility work is complete and Phase II is about to commence.

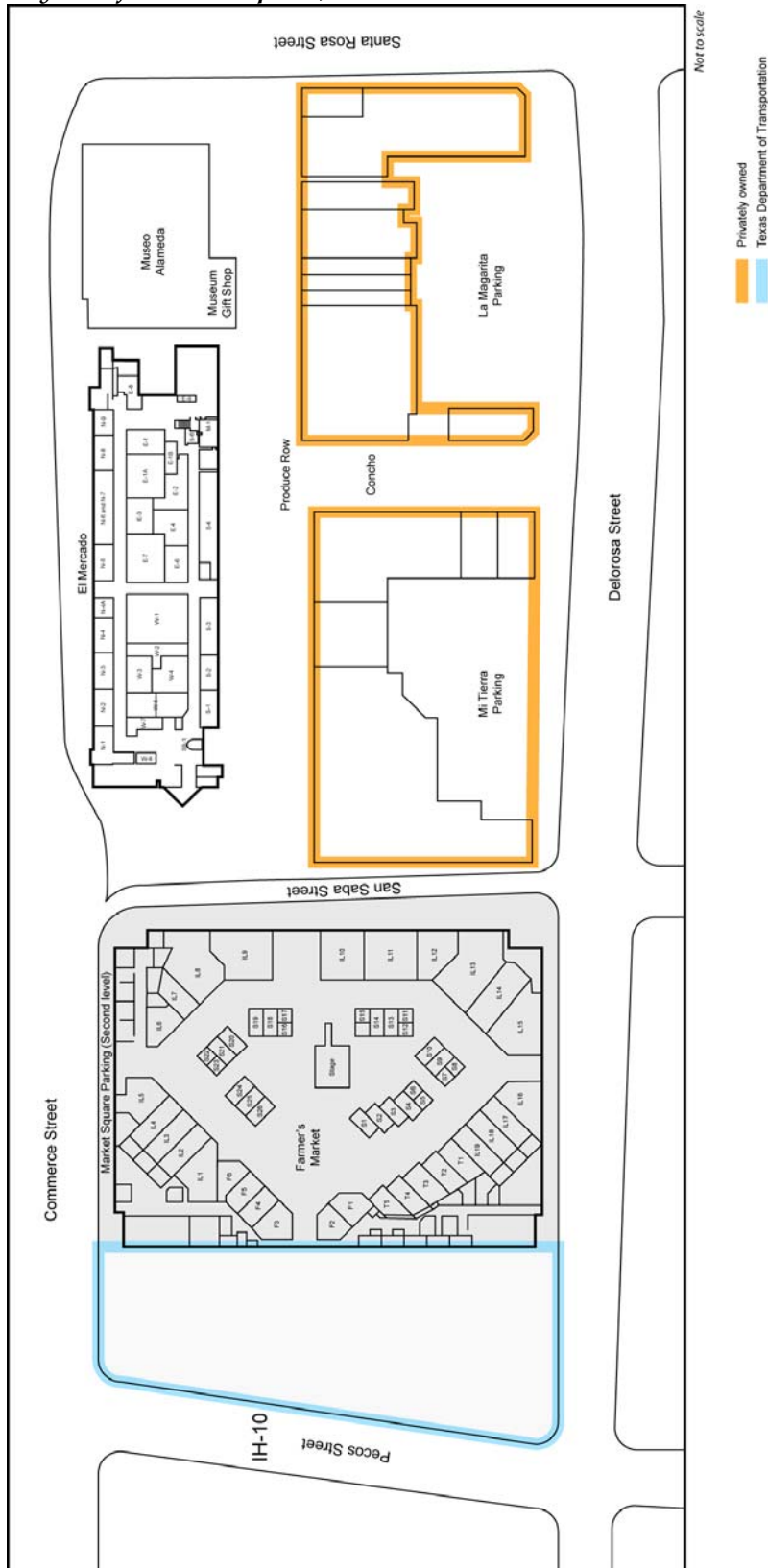
Market Square has always functioned as a meeting place for the diverse residents and visitors to San Antonio. The rich ethnic history of San Antonio is woven into the businesses and people that have gathered in the area to not only trade goods and services but to meet and socialize. The present day Market Square is the heir to all of Market Squares of San Antonio’s 300-year past. While there are no farmers remaining at Market Square, the area has continued to be a vibrant, culturally rich center that celebrates the Hispanic traditions of San Antonio – evident in the Tejano music, Fiestas Fantasias, Mi Tierra restaurant, La Margarita restaurant, and the numerous vendors who are a vibrant part of the life at Market Square.

According to San Antonio tourism documents, Market Square is the largest enclosed Mexican market outside of Mexico. The recent redevelopment of the Centro de Artes building to the Museo Alameda Smithsonian has created an active anchor on the east end, drawing visitors along Commerce Street from Main Plaza. Further enhancements in the western end of Downtown add to the character and attractiveness of Market Square. Continued development of Commerce Street and Dolorosa Street will increase the linkages between Downtown and Market Square.

## *West End of Downtown San Antonio including Market Square*



## Layout of Market Square, San Antonio



## Background

The City of San Antonio owns, operates, and manages several buildings, including El Mercado and Farmer's Market Plaza at Market Square, including the public plazas of Produce Row and Concho Street. In addition, the City owns the parking lot at La Margarita restaurant. The Museo Alameda is owned by the City. The buildings on the south side of Produce Row and Mi Tierra parking lot are privately owned. Retailing conducted on the public right of way is licensed by the City to the tenants.

Market Square is generally considered the area bounded by West Commerce Street, Dolorosa Street, Pecos la Trinidad, and Santa Rosa Street – it is bisected by San Saba Street. Total Market Square square footage is 336,000 on 8 acres. Total retail selling space is approximately 115,000 square feet in both public and private sector buildings (excluding outdoor day stalls).

	El Mercado	Farmer's Market	Outdoor Patio Space	Museo Alameda	Private Sector (approximate)
Number of Retail Units	34	57	Varies	1	14
Total Sq. Ft.	43,200	60,800	1,678.57 patio space plus day stalls		
Gross Leasable Area	20,280	27,943		500	65,600

In the immediate area, there are the following parking spaces:

- ▶ Market Square Parking Garage: 177 spaces – located above Farmer's Market Plaza
- ▶ Dolorosa Lot: 153 spaces – located on the southeast corner of Dolorosa and Santa Rosa
- ▶ Metered Parking: 40 spaces – 15 meters on the south side of Dolorosa between San Saba and Santa Rosa; 9 meters on the west side of San Saba between Dolorosa and Commerce; 16 meters on the south side of Commerce between San Saba and Santa Rosa
- ▶ El Mercado Parking: 44 spaces – located off of Dolorosa behind La Margarita
- ▶ Mi Tierra Parking: private (free): 50 spaces – located off of Dolorosa behind Mi Tierra

The unique challenge for Market Square is finding a balance between providing a unique and authentic experience, allowing for social gathering and entertainment, and functioning as a quality, competitive retail center based on tourism. The entertainment and retail niche for Market Square in the past has been an authentic Mexican Market.

As a retail center, Market Square must not only provide a competitive choice for consumers but also a proper venue for its vendors to earn a living. The mix of retail must be guided by strong principles of authenticity and fun. There must be a “guarantee” of some sort that consumers, primarily tourists, will be able to have a memorable and quality experience. To move Market Square in this direction, there needs to be strong and cohesive leadership from management that is creative and sets the direction.

Given the importance of the San Antonio economy on tourism and the highly competitive number of activities in the area, the City of San Antonio determined that a retail management study was required. The City has set in motion numerous changes including:

- ▶ Phase I – redevelopment of Produce Row
- ▶ Changing direction of Market Square from the Parks and Recreation Department to the Downtown Operations Department
- ▶ Creating a Senior Management Analyst position to oversee not only Market Square, but also other retail related City properties including La Villita, Spanish Governor’s Palace, and HemisFair Park.

## Previous Studies

There have been several studies related to Market Square including:

- ▶ Market Square Research Project by Robert G. Dunlop – approximate date 1990
- ▶ City of San Antonio Market Square Master Plan by City of San Antonio – May 23, 2002
- ▶ Market Square Master Plan Urban Design Component Design Guidelines prepared for the City of San Antonio by Alamo Architects, Kaplan and Associates Architectural Lighting, Kings Creek Inc., Ximenes and Associates, and Zeitgraph Inc. – April 15, 2004
- ▶ Destination SA: Strategic Planning for Visitor Industry Growth in San Antonio by CSL International – March 22, 2006 (included in Appendix A).

The previous reports documented several infrastructure and design issues that need to be resolved to keep Market Square functional as well as creating a draw for visitors.

## Market Square Research, approximate date 1990

There are several listed observations and weaknesses but overwhelmingly the conclusion points to the lack of professional retail management and direction.

### City of San Antonio Market Square Master Plan, May 23, 2002

- ▶ Most structures in Market Square are designated as historic landmarks through a zoning ordinance.
- ▶ Three landmarks are designated as Historically Exceptional – irreplaceable historic resources; nine landmarks are designated as Historically Significant; two buildings are not designated.

#### *Issues Identified with Recommendations:*

Issue	Recommendations
Historic Designation Status	<ul style="list-style-type: none"> <li>▶ Review landmark designations</li> <li>▶ Designate Market Square as a Historic District to include a design review</li> </ul>
Traffic Circulation	<ul style="list-style-type: none"> <li>▶ Collect turning movement counts for further analysis</li> <li>▶ Perform traffic study to determine San Saba's role in circulation and impact of closing/restricting the street</li> </ul>
Signal Timing	<ul style="list-style-type: none"> <li>▶ Perform study on signal timings to determine if there is a need to accommodate pedestrians and gauge the impact of San Saba closing</li> </ul>
Vehicular Wayfinding Signage	<ul style="list-style-type: none"> <li>▶ Install additional wayfinding signs</li> </ul>
Parking	<ul style="list-style-type: none"> <li>▶ Perform on-street parking demand study to determine usage and base recommendations</li> <li>▶ Assess potential to relocate some meters under IH-35 if additional commercial loading is to be provided on Commerce</li> </ul>
Commercial Loading and Unloading	<ul style="list-style-type: none"> <li>▶ Assess the need and implement recommendations to address potential loss of parking that needs to be converted to loading/unloading</li> </ul>
Tour Bus Loading and Unloading	<ul style="list-style-type: none"> <li>▶ Develop tour bus management plan</li> <li>▶ Enforce existing loading/unloading zones</li> <li>▶ Investigate and develop use of Gateway Plaza under IH-35</li> </ul>
Off-Street Parking	<ul style="list-style-type: none"> <li>▶ Make aesthetic improvements to increase appeal</li> <li>▶ Reconfigure surface lots that may add more spaces</li> <li>▶ Provide additional wayfinding signage</li> <li>▶ Perform Downtown off-street parking demand study</li> <li>▶ Recommend physical improvements to parking lot as part of renegotiation of El Mercado Lot lease</li> </ul>
Pedestrian Movement – Lighting	<ul style="list-style-type: none"> <li>▶ Reconfigure light sources on existing standards so that it becomes an integral part of landscape design – focus on pedestrian safety and movement</li> <li>▶ Determine if additional lighting is required</li> </ul>

Issue	Recommendations
Pedestrian Movement – Crosswalks	<ul style="list-style-type: none"> <li>▶ Perform full pedestrian movement analysis</li> <li>▶ Explore use of pedestrian countdown indicators</li> <li>▶ Explore pedestrian crosswalk enhancements on San Saba</li> <li>▶ Explore use of alternate pedestrian mid-block crossing devices</li> <li>▶ Evaluate crosswalk alignment and explore ways to promote use of marked crosswalk on Santa Rosa south of Commerce</li> <li>▶ Explore crosswalks that allow diagonal pedestrian movement across intersections</li> </ul>
Pedestrian Movement – Wayfinding	<ul style="list-style-type: none"> <li>▶ Bender Wells Clark Design was to assess pedestrian wayfinding in Downtown</li> </ul>
Pedestrian Movement – Americans with Disabilities Act (ADA) Access	<ul style="list-style-type: none"> <li>▶ Relocate/resize area planters, benches, and trashcans to better accommodate all patrons</li> <li>▶ Implement ADA recommendations in the Market Square Paving and Storm Repair Master Plan (3/2000) to widen curb ramps, reduce slopes, and revise grade approaches</li> </ul>
Pedestrian Movement – Additional Issues	<ul style="list-style-type: none"> <li>▶ Remove empty elevator shaft and overhead pedestrian walkway</li> <li>▶ Implement San Saba safety and design improvements</li> <li>▶ Develop guidelines for the removal of additions to buildings that encroach into right of way and hinder pedestrian movement</li> <li>▶ Re-design outdoor stage and water fountain</li> </ul>
Drainage and Pavers	<ul style="list-style-type: none"> <li>▶ Phase-in recommendations of Market Square Paving and Storm Sewer Repair Master Plan</li> </ul>
Refuse Collection	<ul style="list-style-type: none"> <li>▶ Consider demolition of part of Market Square Storage Area to allow for compactor and replace with 40 cubic yard compactor – once a week pick up</li> <li>▶ Design site for refuse truck collection access</li> <li>▶ Identify compactor site for Farmer's Market</li> <li>▶ Combine public/private collection into new compactor located behind museum</li> </ul>
Urban Design Component	<ul style="list-style-type: none"> <li>▶ Hire a consultant to develop Market Square Design Guidelines</li> </ul>

## Market Square Master Plan Urban Design Component Design Guidelines, April 15, 2004

### Vision

- ▶ One of San Antonio's most important historic resources
- ▶ Entertainment district of restaurants and craft vendors.

### Issues

- ▶ Ailing infrastructure
- ▶ Incompatible architectural styles
- ▶ Lack of a cohesive urban plan
- ▶ Underdeveloped marketing strategy
- ▶ Together they create a situation that detracts from Market Square's evolution into the major economic generator it should be.

### Goals

1. Define the boundaries and create a larger entertainment zone on the west side of Downtown.
2. Maintain the identity of buildings in Market Square that are historic or distinctive in character, while ensuring that they contribute to the whole and respect a common relationship to the public realm.
3. Manage and enhance the pedestrian experience that directs circulation patterns, provides for large events, encourages the addition of new businesses, and creates a market-like environment.
4. Strengthen the retail potential and increase appeal to both locals and visitors by establishing guidelines for merchandise display and encouraging diversity in merchandise mix.
5. Generate standards for landscaping, paving, and site fixtures that provide a unifying and easily discernable identity for the common space.
6. Create a rich and welcoming night-time experience and reinforce the built environment through the employment of functional, balanced, minimal glare, low-maintenance lighting with guidelines for perimeter, walkway, canopy, landscape, gateway, building, and display lighting.
7. Graphically express the authenticity and uniqueness of Market Square through the creation of a hierarchical system of theme, pageantry, wayfinding, interpretive, and vendor signage criteria.

## **Cortez and Cordona Properties**

- ▶ Infill both parking lots on Dolorosa with retail and provide interior courtyard experience
- ▶ Mi Tierra – restore openings along the side of the building to increase merchandising opportunities and visual interest and replace current arcade with a more historically correct canopy.

## **El Mercado**

- ▶ Remove all post 1938 additions
- ▶ Relocate restrooms and visitor center
- ▶ Open windows along Produce Row and Commerce Street
- ▶ Create a new awning system along Produce Row
- ▶ Maintain a historical color palette; remove flags
- ▶ Create a new entry at Concho.

## **Farmer's Market Building**

- ▶ Fully utilize the parking deck
- ▶ Address corner stairs
- ▶ Redesign of the San Saba façade and create a tower element
- ▶ Remodel the Commerce and Dolorosa façades
- ▶ Develop I-10/I-35 façade
- ▶ Plan for the long-term
- ▶ Establish physical linkages to connect and pull people to and through Market Square.

## **Other Issues**

- ▶ City needs to encourage local arts, culture, and entertainment offering to create an authentic experience
- ▶ Lack of street level atmosphere
- ▶ Create linkages along Commerce and Market/Dolorosa Streets from Main Plaza (Plaza de las Armas)/River Walk and Market Square
- ▶ Create a western end entertainment district.

## **Destination SA: Strategic Planning and Visitor Industry Growth in San Antonio, March 22, 2006**

The Destination SA study was based on extensive fact finding including:

- ▶ Over 50 interviews with local industry, business, and political leaders
- ▶ Focus groups with area visitor industry, business, and community leaders
- ▶ 2000 intercept interviews at San Antonio attractions and hotels
- ▶ Interviews with 150 planners of nationally rotating conventions and trade shows
- ▶ Interviews with past Convention Center users
- ▶ Intercept interviews with travelers residing outside of San Antonio
- ▶ Review of existing San Antonio area visitor industry amenities and organizational structures
- ▶ Review of past development and strategic planning documents
- ▶ Evaluation of other competitive and comparable destinations.

Many of the studies had overlapping concerns similar to the findings of the recent Destination SA study. These included:

- ▶ Adjusting hours of operation to meet the needs of the customers
- ▶ Ensuring the authenticity of the merchandise
- ▶ Infrastructure and exterior improvements to the venues
- ▶ Appropriate programming for the venue
- ▶ Organization and management.

## Study Scope

The current redevelopment of the public plazas and other recommendations that are being put in motion presents an occasion to revisit primary organizational and management issues of Market Square's operation. This includes management structure, tenant mix, lease and rental agreement terms, operations, physical design and aesthetic appeal, marketing and special events, and parking. In effect, this is an ideal opportunity to assess Market Square's competitive capacity for an overall improved Market Square rather than a band-aid approach.

To assist in these overall aims, the City of San Antonio has retained a team of professionals headed by Urban Marketing Collaborative to assess Market Square's needs to enhance its overall appeal. Urban Marketing Collaborative created a team of experts including Core Research and Ximenes and Associates. The Team has expertise in a variety of disciplines including public markets, retail, retail real estate, urban revitalization, customer research, pedestrian counts, public outreach, visioning, and language skills.

## 2.0 ISSUES EVALUATION

The issues evaluation of Market Square was based on an expert assessment, comparison to other markets going through similar situations, consumer surveys, pedestrian flow surveys, and interviews with Market Square staff, Tenants' Associations, vendors, tourism and downtown stakeholders, other City of San Antonio staff, and elected officials. Summaries of these data gathering methods are including in the appendices. The evaluation focused on the following pertinent items:

- ▶ Vendor product mix and merchandising
- ▶ Operations
- ▶ Physical design
- ▶ Financial performance
- ▶ Parking
- ▶ Hours of operation
- ▶ Marketing and promotions
- ▶ Management structure.

Each factor in the evaluation is not mutually exclusive and there is crossover in terms of issues.

## 2.1 Vendor Product Mix and Merchandising

### Quality

In terms of merchandising, Market Square overall offers a strong cluster of primarily Latin American craft-related products, restaurants, standard food court items, as well as souvenir items. The sheer amount of vendors and the products offered is a significant draw for tourists. While the craft vendors typically present a visually good array of Latin American and Southwestern U.S. products, the most outstanding issue is the varying quality of the numerous souvenir item vendors. The overall quality of these vendors varies from average to poor. Market Square is moving away from an authentic Mexican and Latin American Market experience. Market Square must be unique to the San Antonio region, Texas, and the U.S.

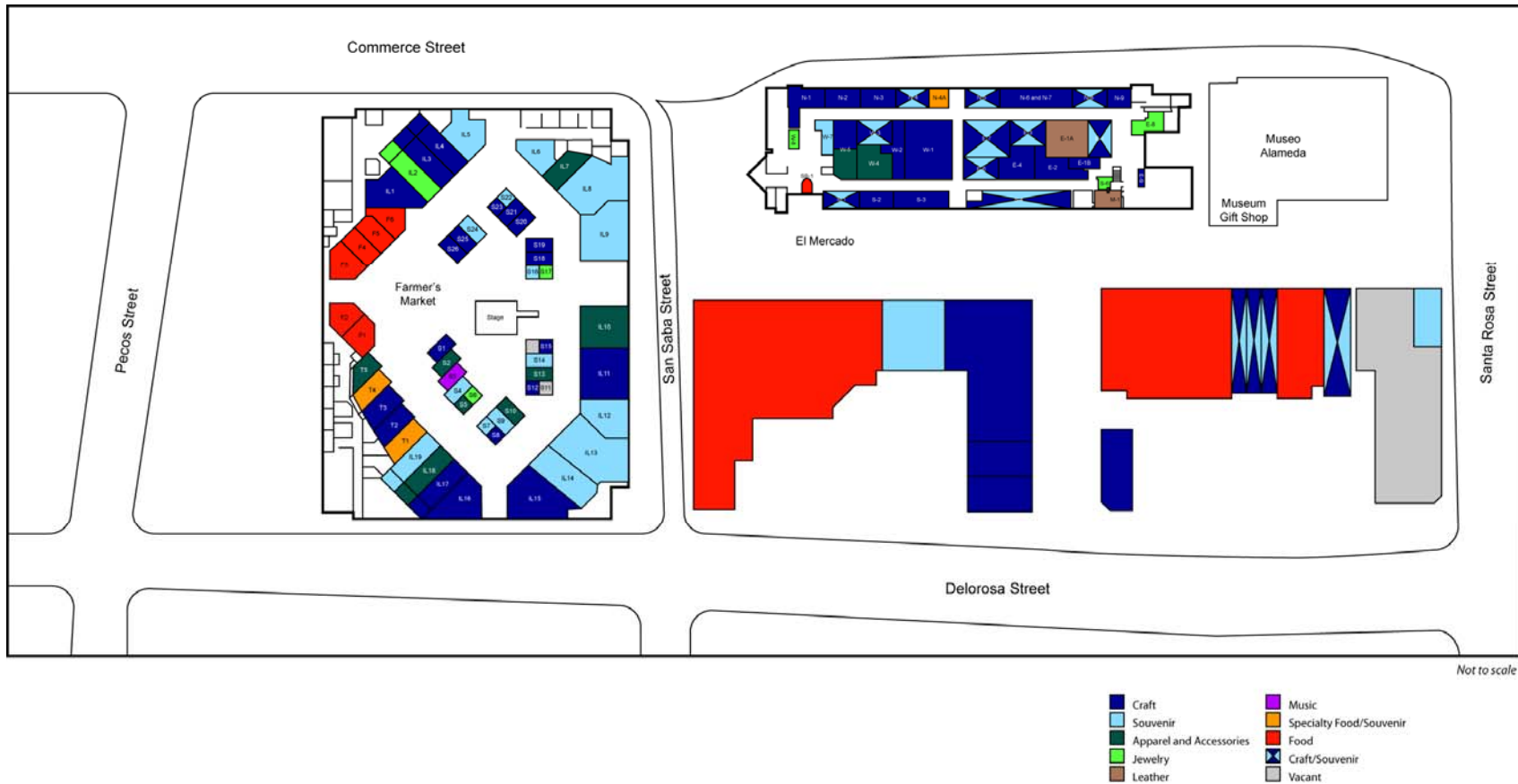
While Mexican and Latin American related crafts are still the major draw for Market Square, many vendors have not adhered to the lease stipulations and use clauses. A wide range of lower quality souvenirs and other merchandise items have crept into the stalls. This tends to be more common in Farmer's Market Plaza but is also happening in El Mercado. The merchandise from retailers on Produce Row and Concho Street varies from souvenirs to high quality crafts. There are very few premium products stalls and the sameness of product is too apparent within Market Square and in Downtown. The across-the-board mediocrity of the merchandise lowers the overall quality of all vendors at Market Square.

The restaurants at Market Square are a primary draw. Mi Tierra is a well known local institution as well as La Margarita. The food court vendors in El Mercado and Farmer's Market are more of a convenience service rather than a destination eatery.

## *Vendor Mix – Public and Private Buildings*

	Number of Vendors	% of Total	Square Feet	% of Total
Craft	37	35.6%	34,351.8	30.2%
Souvenir	23	22.1%	20,537.0	18.0%
Souvenir/Craft	9	8.7%	6,054.0	5.3%
Apparel/Accessories	10	9.6%	5,002.0	4.4%
Jewelry/Accessories	5	4.8%	1,383.0	1.2%
Leather	2	1.9%	1,772.0	1.6%
Music	1	1.0%	228.0	0.2%
Specialty Food/Souvenir	3	2.9%	1,107.0	1.0%
Restaurant/Fast food	10	9.6%	33,560.0	29.5%
Vacant	4	3.8%	9,828.0	8.6%
Total	104	100.0%	113,822.8	100%

## Vendor Mix – Public and Private Sector Buildings



There are approximately 100 vendors at Market Square in both public and private sector spaces. Total retail square footage is approximately 115,000 square feet. While smaller than the San Antonio malls and lifestyle centers, it represents significant critical mass to attract consumers for a shopping and entertainment experience.

## **Unbalanced**

There is an over-abundance of vendors selling the same merchandise. This is especially evident for the souvenir vendors. Over 25% of the square footage is devoted to souvenir vendors. This is very high for most markets. In addition, within the craft vendors there is excessive overlap. Very few vendors specialize in a product type. There should be specializations in pottery, clay, silver, tin, leather, wood, masks, textiles, art work, paper products, among others. In addition, there should be known regional specializations such as Oaxaca pottery, Taxco silver, and Michoacan fabrics. Specialization creates a draw for customers and forces vendors to compete on quality and depth of merchandise assortment rather than price and breadth of assortment (i.e., mass merchandisers).

## **Stall Size**

Vendor stall size has grown. Some vendors have pushed the stall size to 2,000 square feet at El Mercado. These spaces no longer become market stalls. They have become in-line retail units similar to a shopping mall. In addition, many vendors occupy more than one stall. Vendors have been able to find loopholes in the leases by renting additional stalls in other family member's/friend's names. This takes away from the lease stipulation of having a majority owner-occupied stall. The sprawl detracts from an exciting and intimate Market Square experience resulting in consumers feeling less inclined to visit all stalls during their visit.

## **Stall Productivity**

Most stalls are intensely merchandised with product on all walls, hanging from the ceiling, shelves, and racks. Some vendors could benefit from sales merchandising and visual presentation techniques that will enable them how to showcase their products better and create a retail space that adds visual appeal and atmosphere. This type of educational outreach will also work to assist vendors to increase sales.

As with any market, space should be at a premium and vendors need to maximize the vending space.

There is a need to make space become more meaningful for some vendors<sup>1</sup>. There is no incentive created by Market Square management for vendors to use space wisely and to be more productive with their stalls. Vendors' stalls have increased through acquisition of either additional or adjacent stalls to gain increased selling space and exposure. Some vendor families control over 6,000 square feet of selling space. As such, the vendors are not thinking and developing business plans the way traditional retailers would. Rather, they bring in a lot of merchandise and see what they can sell. There is a need to give space value at Market Square. This involves active communication with the vendors to show them how to make their stalls more productive through design, product display, sight lines, and proper lighting. The vendors will have to be shown visually how this is done at other markets. Market Square should have a reserve fund available to help entrepreneurial vendors with the design and build-out costs, display and merchandising plans, business financial planning, among other programs.

## **Product Turnover**

Vendors have to be more efficient in terms of the products that they bring to Market Square. Older product that has not sold in a long time needs to be liquidated and replaced with fresh new merchandise. Market Square management can offer to vendors the opportunity to attend merchandising courses such as those offered by the International Council of Shopping Centers or arranged by local retail marketing firms or universities such as the Keller Graduate School of Management at DeVry University and San Antonio, Texas A&M Center for Retailing Studies.

## **Signs and Lighting**

There is a need to enhance the visual displays through appropriate techniques such as effective and appropriate signage and lighting that highlights and complements the merchandise.

Vendor signage in El Mercado is often very difficult to see. Each stall must have a highly visual sign that finds a balance between working with the overall facility design but helps identify the vendor as unique.

The abundance of poor quality hand written signs near the product detracts the vendor's ability to effectively convey the quality of their products. The signs look worn and do not convey an image that reflects Market Square's quality shopping atmosphere. There is a delicate balance

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<sup>1</sup>Some of the vendors are excellent operators. However, the vendors with aged inventory, poorly lit stalls, and cluttered merchandise presentation spoil Market Square for the rest of the better quality vendors.

between looking too expensive and slick, such as a regional shopping center, and looking as though the vendor does not care. The signage should reflect the overall quality craft oriented and festive atmosphere of Market Square in a more Mexican and Latin American theme. It is not that they should be printed or hand-written but that the signs should reflect the quality of the merchandise being sold. There needs to be a consistent experience between the merchandise and the signage. Signage guidelines should be outlined in the lease.

In addition, the vendor's use of lighting is not used to highlight and merchandise the products effectively.

## 2.2 Operations

Market Square, including both El Mercado and Farmer's Market Plaza and the plazas, are clean of major debris. Most consumer systems are in sufficient working order including stairs, doorways, and washrooms. The loading dock area has been recently reconfigured in association with Museo Alameda and a new trash compactor installed. The Produce Row elevator was removed from service in 1998 but the concrete shaft remains. The washrooms, while functional, have older fixtures and do not portray an image of cleanliness. In addition, the storage area in Farmer's Market Plaza is unusable for many vendors due to water leakage issues, excessive heat (e.g., for candles), and excess dust, which is not conducive for storing items such as textiles and clothing. Many of the operational issues have been assessed and recommendations have been made in previous reports. However, funding may be lacking to implement the full set of recommendations.

## 2.3 Physical Design

There have been numerous mentions regarding the deficient physical issues at Market Square in the background reports, and these are acknowledged by Market Square vendors and the City. The specific issue related to cracks in the north and south wall structure and a leaking roof at El Mercado have been addressed. This report acknowledges that all these issues are important and need to be addressed in a prioritized sequence to create a safe and successful Market experience for consumers and the vendors. A further building conditions audit was conducted by Fisher Heck Inc., Architects and Emil, Swize, and Associates, Inc. (MEP) to address specific issues related to the buildings, plazas, and parking structures owned by the City. This report is included in Appendix B.

Beyond safety, the other goals of the Market Square Master Plan and the Market Square Master Plan Urban Design Component Design Guidelines are to create flow and synergy between the buildings and vendors. Urban Marketing Collaborative agrees with these previous reports that

there needs to be an increased sense of accessibility and visibility for Market Square. This includes developing a sense of pageantry around the site, better wayfinding, removal of the bridge across San Saba, a grand entrance to El Mercado, and a large marquee/tower is required, among other recommendations. However, the recommended closure of San Saba to traffic should be re-evaluated as it is not deemed necessary by the UMC team at this point. UMC believes that this would detract from the accessibility and visibility of Market Square. In addition, the recommendation to add retail along Dolorosa needs careful consideration as to whether it will bring additional consumers to the area or divide existing sales further amongst more tenants. It is suggested that an economic impact study including an assessment of proposed vendor types, layout and configuration, demand, current and proposed vendors at Market Square, parking, visibility, access, egress, and sales performance, among other factors should to be completed with respect to the Dolorosa expansion.

## **Lacks Festive Appeal**

Beyond these major infrastructure issues, while it is acknowledged that there is a sense of community and family among the vendors, Market Square lacks an exciting, fresh and fun appeal.. The restaurants are the exception. This is especially evident on slow consumer days. On weekends, the traffic volume helps build excitement and the deficiencies fade to the background.

One of the major compelling reasons to visit a market is partially related to the experience that is offered. However, the buildings do not assist in conveying this image. Beyond the vendors, this includes the low lighting, fluorescent lighting, a cold concrete interior at Farmer's Market Plaza, and covered windows.

As stated, Produce Row and Concho Street are active during the weekends and the restaurant patios add a sense of fun and excitement. However, overall better design combined with changes in event programming will assist to make this area an experiential place.

- ▶ Market Square is inward focused onto the pedestrian street of Produce Row, which challenges its accessibility and visibility.
- ▶ It is located several blocks from the heart of Downtown and the River Walk area. Increased linkages along Commerce Street and Dolorosa Street such as infill development (housing, hotels), redevelopment of Spanish Governor's Palace, street banners, a Market Square marquee, and joint marketing can assist in further synergy with Downtown. The Cultural Zone will work to link Main Plaza/river to Market Square.
- ▶ The area is run by both private and public sector retail interests that make it difficult to agree on common development and marketing plans.

- ▶ There are multiple entrances to both Farmer's Market Plaza and El Mercado. However, the San Saba entrance to Farmer's Market Plaza and the Concho Street entrance to El Mercado are used most often.
- ▶ The plaza to the west of Farmer's Market Plaza (under IH-10), owned by Texas Department of Transportation, is underutilized, dark, and noisy.
- ▶ Market staff and vendors report that there have been issues regarding loiterers and vagrants in Market Square that can create an intimidating and unwelcome experience for the other visitors who are there to shop, eat, watch entertainment, or visit the museum.
- ▶ Views from the San Saba bridge do not convey the high quality atmosphere that Market Square should portray. The images of straggly plants and HVAC systems are not inviting.



**Some viewpoints present a poor image of Market Square.**

Physical issues such as stairs, bridges, windows, entrances, fountains, elevator shafts, and outdoor and indoor stages that act as barriers to consumer flow and synergy. This hampers the ability of Market Square to do well as noted in previous reports. These issues are less of a problem when there are high traffic volumes that mask these issues. In addition, they can be mitigated with exceptional, high quality vendors and high performance standards.

Beyond the infrastructure issues, from a physical design perspective, the main themes are as follows:

- ▶ To create a sense of pageantry and presence in Downtown (western end) that demarcates Market Square from other buildings and makes it stand out.
- ▶ To improve the layout of Market Square's outdoor space to aid in circulation (i.e., pedestrian traffic flow).
- ▶ To increase the integration with the outside (color, light, trees, among other features) to create a strong sense of place and to draw people through Market Square that is based on a fun and festive theme.
- ▶ To increase connectivity with Downtown and the River Walk.
- ▶ To create an improved sense of heritage with Market Square that relates to its long history in San Antonio.

Internally, there are additional issues:

- ▶ While El Mercado is intensely merchandised with vendor stalls and narrow aisles resulting in a lack of a central gathering place, Farmer's Market Plaza has very wide aisles and too much common area space.
- ▶ When there is no special event at Farmer's Market Plaza, the central stage area creates a large vacant feel and projects an image of little activity.



**The stage at Farmer's Market Plaza creates a void for retail.**  
**Vendors indicate that the interior circulation is not used by visitors.**

## 2.4 Financial Performance

The financial performance of Market Square had been relatively good although many vendors indicate that sales have fallen in the past few years. The City of San Antonio produced an estimated profit and loss statement taking into consideration all direct expenses as well as indirect expenses such as City staff who are not listed on the expenses but work a proportion of their time on Market Square activities (e.g., Downtown Operations Assistant Director, legal and accounting staff, among others). While Market Square had produced a positive operating gain in the past, in 2008 is it estimated to be a loss. In previous years, the operating gain has varied from \$146,000 to \$408,000<sup>2</sup>.

Revenue is derived from base rent of \$1.45/square foot monthly plus a garbage fee of \$0.02/square foot monthly for all vendors at El Mercado. Rent at Farmer's Market Plaza ranges from \$1.42 to \$1.60/square foot monthly plus a garbage fee of \$0.025/square foot monthly. In addition, vendors are charged pro-rata share of utilities. This charge is 75% for El Mercado and 50% for Farmer's Market Plaza. Additional revenue from patio space rental, day stalls, and marketing funds of the Tenant Associations are included.

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<sup>2</sup> From 2005 to 2007

An agreement with the Parking Division of the Downtown Operations Department brings in additional funds for the Market Square Parking Garage. These funds go into the Market Square Parking Improvement Trust Fund, which is used for capital improvement projects. Funds from Fiesta Fantasias goes into this fund as well.

	Budgeted Fiscal Year 08
<b>Revenue</b>	
El Mercado – 20,280 sq. ft.	
Lease	\$360,169
Garbage	\$4,867
Utilities	\$46,353
Farmer's Market Plaza – 27,943 sq. ft.	
Lease	\$558,995
Garbage	\$8,247
Utilities	\$68,632
Storage	\$5,853
Patio Rental	
Lease Special Events	\$70,176
Lease Patio	\$71,594
Lease Parking	\$42,713
Daily Vendor Fee	\$53,468
<b>Total Revenue</b>	<b>\$1,291,067</b>
<b>Expenses</b>	
<b>Market Square Operations</b>	
<b>Direct Expenditures</b>	
Personal Services	\$173,890
Contractual Services	\$552,372
Commodities	\$40,595
Other Expenses	\$539,307
Capital Outlay	\$--
<b>Total Direct Expenditures</b>	<b>\$1,306,164</b>
<b>Direct Expenditures</b>	
Facilities Maintenance	<b>\$73,879</b>
<b>Expenditure - Allocated</b>	
Contract Support	\$45,092
Administrative Overhead	\$19,986
Facilities Maintenance	\$72,853
<b>Total Expenditures – Allocated</b>	<b>\$137,931</b>
<b>Total Operating Expenses</b>	<b>\$1,517,974</b>
<b>Net Profit (Loss)</b>	<b>\$(226,907)</b>

Source: City of San Antonio

## Rent

As stated, rents at El Mercado are equal for all vendors. For Farmer's Market Plaza, rent for the food service vendors is \$1.60/square foot monthly, rent for retail vendors ("in-line stores") on the perimeter of the facility is \$1.42/square foot monthly, and rent for small (114 and 228 square feet) stalls in the center of the facility is a flat rate of \$375.00 and \$500.00 per month, respectively.

However, this rent situation does not offer the vendors an incentive to exceed expectations to do well. These rates are based on the provision of services rather than one based on the opportunity for vendors to earn. Vendors that are in better locations with high pedestrian traffic should pay more rent than others. Within a retail building there will be space that will offer the opportunity to be more productive (i.e., the stall offers more visibility, greater potential for traffic) and this will be more desirable. Market forces indicate that these spaces should pay more in rent. In addition, certain product categories produce greater sales volume and/or higher gross margin, and therefore they should pay more rent. For instance, the mark up on souvenirs, jewelry, and prepared food is high and they should be charged a higher rate. Quality craft vendors should be charged a reasonable rent (slightly lower) compared to their counterparts. This encourages Market Square to stay true to its principles of offering an authentic Mexican and Latin American craft market. This may result in varying rent levels per square foot based on better locations or a percentage based rent. Percentage rent helps account for differences in better locations. In addition, as stated, the rent (either on a per square foot basis or on a percentage rent basis) will also vary depending on the product sold (higher rates for higher gross margin products such as prepared food, jewelry, and souvenirs).

Market Square rents are similar to market rents for near Downtown locations. Current rents<sup>3</sup> for Downtown San Antonio are:

- ▶ River Walk: \$3.00 to \$4.00/square foot monthly (\$36 to \$48/square foot annually)
- ▶ River Walk at street level: \$2.00 to \$2.50/square foot monthly (\$24 to \$30/square foot annually)
- ▶ Alamo Plaza: \$2.00 to \$3.50/square foot monthly (\$24/square foot and \$42/square foot annually) for corner locations
- ▶ Elsewhere in Downtown: \$1.50/square foot monthly (\$18/square foot monthly)
- ▶ Near Downtown: \$1.00 to \$1.33/square foot monthly (\$12 to \$16/square foot monthly).

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<sup>3</sup> Net rents, Source: Terri Rubiola of D.B. Harrell Commercial Real Estate Services

## Increased Expenses

Expenses are not allocated correctly to effectively run and manage Market Square. Market Square needs sufficient expenditure allocation for a new position of an independent, professional Market Square Manager and a Marketing Coordinator, as well as increased expenditure on marketing activities and events, vendor recruitment, cleanliness, and security. These people need to be independent of the politics and be able to enforce the revised lease provisions. Additional funds are required as a reserve for small capital improvements required on an ongoing basis (e.g., painting, banners). Common area maintenance (CAM) costs at Market Square are not being charged back to the vendors to the full amount, but should be. These fees need to be charged back to the vendors and itemized separately so that the vendors understand these are the costs associated with running Market Square and that each vendor is required to pay their proportionate share. If electricity is supplied to each stall, each stall should have its own separate meter and each vendor will be charged for their electricity usage.

## Sales Reporting

Vendor performance is unable to be determined accurately because sales are not reported. This is unusual for retail centers. However, through a proposed sales reporting structure, Market Square will be able to determine how well the vendors are performing, if they can assist the vendor to help improve sales, or whether they should start looking for a replacement vendor. In addition, sales reporting is a required element to determine return on investment for marketing programs including advertising and special events.

Another measure of how well tenants are doing is the occupancy cost as a percent of sales. Occupancy costs include rent, utilities, common area maintenance, and insurance, which is equivalent to gross rent. In most retail situations, occupancy costs should not exceed 10% of sales unless it is a relatively high margin business (prepared foods, souvenirs, jewelry) or has almost no sales costs. Under this situation, if Market Square is achieving \$20 million in sales, gross rent should be equivalent to \$2 million. Current gross rent collected by the City is approximately \$1.3 million.

## Lease Opportunities

Currently, the City's primary role is trying to enforce the rules of the lease. Unfortunately, this is more of a reactive role rather than a proactive role. The result is that there is less leadership and creativity in managing and marketing Market Square from the City. Vendors are not challenged nor required to develop exciting retail ideas to maximize sales opportunities. Overall, there is no measure of success.

Major issues related to the leases include the following:

- ▶ Whether the City or the Facilities Manager has control over Market Square
- ▶ Uniform or little variance in rent for the vendor's stall rather than charging more for better locations and for different product categories
- ▶ Hours of operation
- ▶ Insufficient CAM charges
- ▶ Inability to issue citations and penalize vendors for not adhering to their lease. However, there are monetary penalties for failure to adhere to the hours of operation in the Farmer's Market Plaza lease.
- ▶ Enforcement of use clauses
- ▶ Owner occupied stalls
- ▶ Other permitted uses of space (e.g., vending machines, storage on ceiling).

In terms of lease opportunities, the current El Mercado, Farmer's Market Plaza, and Patio leases are not enforced in their entirety. As stated, vendors have found loopholes, which allow them to hire managers and occupy several stalls without the owner being present (the majority of the time), and use clauses are not uniformly enforced.

While there are penalties for non-compliance, enforcement is challenging. Vendors are permitted to set up their stalls as they wish. There is little ability or guidelines by Market Square staff and by the City to enforce rules and regulation on the vendors in terms of product display, merchandising, products sold, customer interaction, as well as opening/closing times and days of the week.

## **Vendor Performance**

As stated, the primary difficulty in determining vendor performance is that none of the vendors report sales to Market Square. This situation makes it difficult to determine if vendors are doing well and if marketing programs are being effective.

Market Square gives the appearance of being busy on weekends, especially during the summer. Most vendors that have been at Market Square for a long period have noted that sales have been falling and are not as strong as they were five years ago; however, new vendors are happy with the current sales volume and are witnessing consistent sales.

Sales of \$200 to \$350/sq. ft. for vendors at Market Square are estimated to be average. Total estimated sales for the retail vendors (excluding fast food and restaurants) is approximately \$16 million annually.

## Market Penetration

Market Square has a strong reputation among visitors to San Antonio. During special events, such as Fiesta, Cinco de Mayo, 16 de Septiembre, Market Square becomes very active. A number of vendors indicated that they achieve over 20% of their sales activity during Fiesta week.

However, as indicated, the competition within the San Antonio market has intensified. To increase sales, Market Square must be able to compete with a broad range of other activities and events throughout San Antonio.

Vendors report that sales are down because of lower visitation and lower expenditure by visitors. Notes from the vendor and stakeholder key person interviews along with the resident survey, pedestrian flow survey, and tourism survey are included in Appendix C.

Estimated retail merchandise<sup>4</sup> captured by Market Square vendors is 2.3% of the tourist market (overnight leisure and business travelers). This is based on the following assumptions:

- ▶ Total retail sales at Market Square of \$16 million of which 80% are from tourist spending: \$12.8 million in tourist retail spending
- ▶ Number of overnight leisure travelers estimated for 2007: 10.3 million
- ▶ Number of overnight business travelers: 3.1 million
- ▶ Average spending on retail (excluding eating and drinking): \$552.7 million based on average spend of leisure traveler of \$38.63 and \$49.94 for business travelers<sup>5</sup>.

The overnight leisure and business markets are increasing, new hotels are being constructed, and convention center plans show a rebounding convention market for San Antonio; all indications that future prospects for San Antonio's visitor market are promising. Statistics from the San Antonio visitor profile is included in Appendix D.

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<sup>4</sup> Note: this includes retail merchandise items such as souvenirs, gifts, apparel, books, music, home furnishings, and art and excludes food and beverage items, prepared food, personal services, transportation, accommodation, recreation, and entertainment.

<sup>5</sup> UMC estimated 2007 visitor volume and spending based on available 2004 data and projecting forward.

## 2.5 Parking

Potential parking at or adjacent to Market Square includes the following garages and lots.

### Parking Garages and Lots

Parking Code	Name	Location	Number of Spaces
G8	Market Square Garage	Dolorosa and Commerce @ San Saba	177
L93	Mi Tierra	Dolorosa	50
L92	La Margarita	Dolorosa	42
L101	Safety Parking	San Saba St. Nueva to Dolorosa	70
L100	Safety Parking	Nueva St. (W. of Santa Rosa)	180
L57	City of San Antonio	Laredo @ Nueva and Dolorosa	175
L51	Safety Parking	Laredo (W. of Commerce)	41
L40	Vistana	Commerce and Santa Rosa	261 <sup>6</sup>
L44	Safety Parking	San Saba (S. of Houston)	65
L75	City of San Antonio	Under IH-10	413
	Metered Parking	Within one block of Market Square	82
	<b>Total</b>		<b>1,556</b>

Source: City of San Antonio

There is free parking at Mi Tierra's parking lot on Dolorosa Street. Otherwise, there are several lots located at Market Square or nearby. It is important to note that the three Safety Parking lots are reserved for evenings, weekends, and holidays. There is a concern among the vendors that there is not enough parking for Market Square. This vendor concern increases when additional nearby developments (e.g., University of Texas at San Antonio) have university only parking. Another vendor concern is the blanket special parking rates that apply for all of Downtown, even for events that are as far away as the Alamodome.

In other locales, markets try to achieve a minimum of three parking spaces per vendor. Excluding the major restaurants at Market Square, there should be over 300 parking spaces for the retail vendors and stores. The restaurants will require approximately 200 spaces. This is equivalent to using a general shopping center formula of five parking spaces per 1,000 square feet of retail. Under both calculations, Market Square requires over 500 parking spaces.

<sup>6</sup> Under construction as of November 2007

Most markets offer deeply discounted parking for visitors. Malls in San Antonio have ample parking including the following:

Shopping Center	Gross Leasable Area (sq. ft.)	Parking Spaces
Alamo Quarry	583,723	3,644
Rivercenter	560,000	2,250
The Shops at La Canterra	1,020,000	4,800

Source: *Directory of Major Malls*

The ideal situation would be to have parking located directly at the Market Square site. However, this would be very costly especially when there is ample parking nearby to satisfy Market Square's needs. While there is ample nearby parking is not always available for Market Square's visitors or directly visible to the visitors. The challenge will be to market them to potential customers so they understand they are easy to use, close to Market Square, and good value for money. This is a parking management situation. Marketing, education, and use of alternative transportation methods can be used to alleviate this parking supply management issue.

## 2.6 Hours of Operation

Market Square's hours of operation at the public owned buildings are 10:00 am to 8:00 pm for June to August and 10:00 am to 6:00 pm the rest of the year. Some private sector retailers or restaurateurs such as Mi Tierra Café and Bakery are open twenty-four hours. There is a common complaint related by vendors and tourism related organizations that hours are too short in the non-summer season for consumers. According to these stakeholders, tourists complain that they have been told that Market Square retail vendors are open until 8:00 pm and when they arrive to shop the shops are closed.

It is important to note that hours of operation can be adjusted per venue through a petition submitted to the Director of Downtown Operations. In 2008, both Farmers' Market Plaza and El Mercado requested to close on Sundays at 6:00 pm. However, relaying this information to visitors is challenging part especially when the private sector has varying hours of operation.

## 2.7 Marketing and Promotions

The City designates a marketing budget of approximately \$33,323.00 annually for Market Square. This is not raised by an advertising fee. These funds are used to promote Market Square, coordinate cultural events, and to develop partnerships with other San Antonio tourism organizations, primarily the Convention & Visitors Bureau. Lack of impactful and comprehensive marketing, advertising, public relations, and events programs are common theme from stakeholders and vendors for Market Square.

Overall, the Facilities Operation Coordinator and the Special Activities Coordinator do not have the direct experience, the time, or the budget to carry out an extensive marketing program required to bring additional visitors to Market Square.

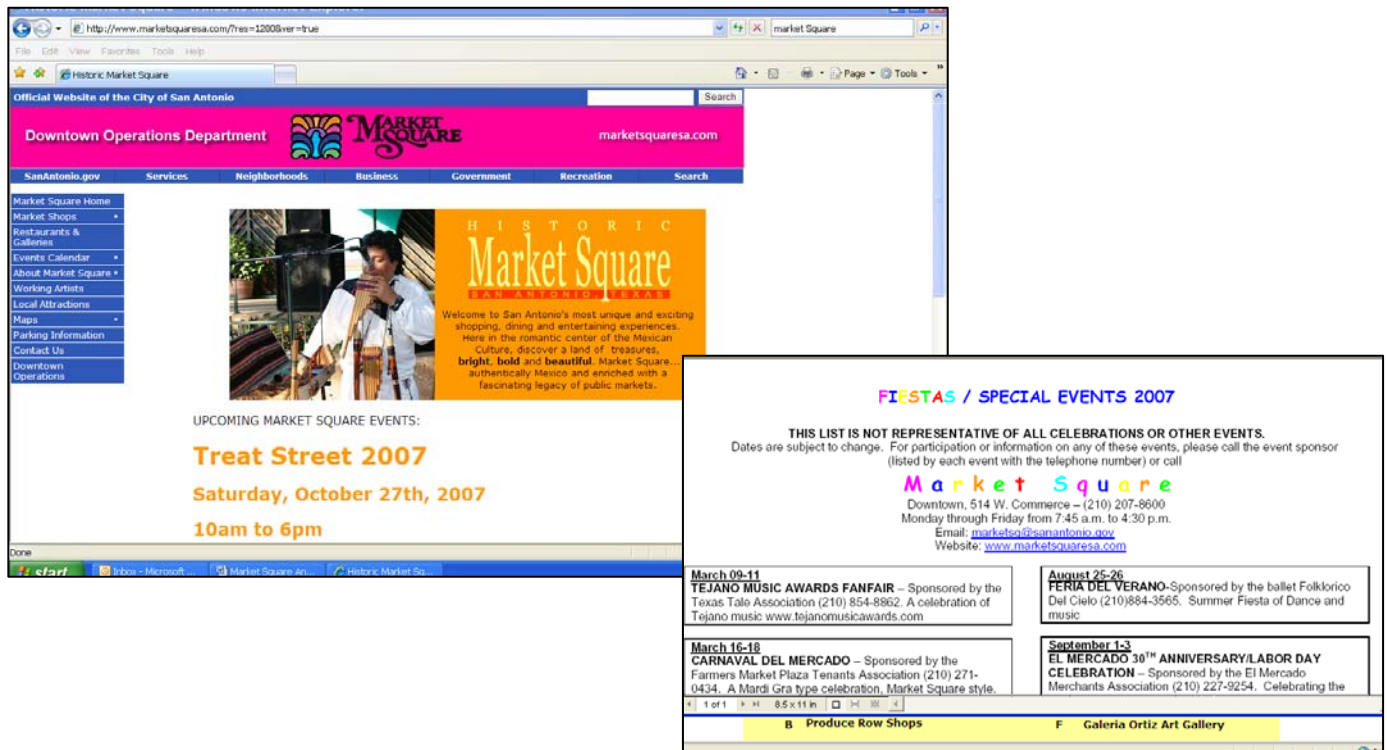
On a positive side, there is the following:

- ▶ Good brand recognition
- ▶ A search of google.com of market square reveals that Market Square in San Antonio is the top listed site.

Other issues include:

- ▶ The Website is part of the City of San Antonio's site
- ▶ There is no newsletter
- ▶ There are different logos, typeface, and images in use for Market Square. This does not convey a consistent, branded image of Market Square.
- ▶ The photographs lack a professional quality to them

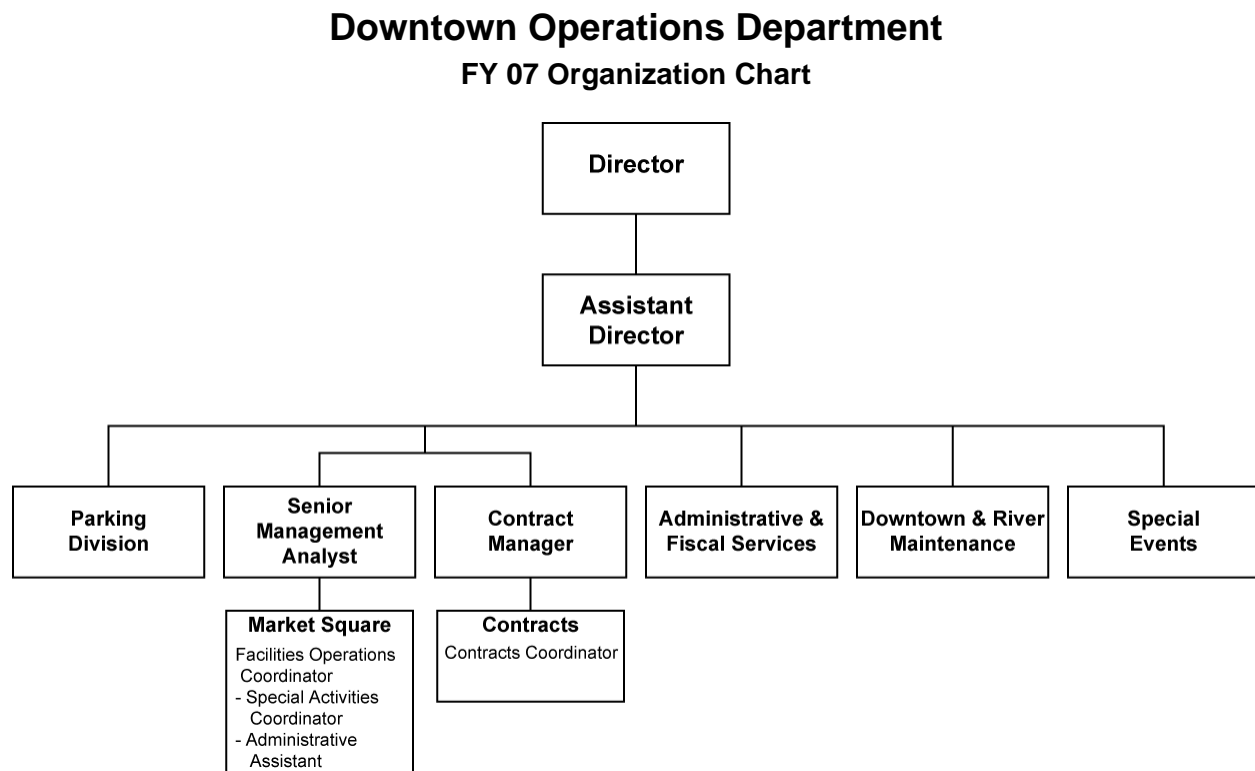
- ▶ The private sector section of Market Square markets themselves separately from Market Square. However, they tend to advertise extensively and Market Square vendors benefit from this additional advertising.
- ▶ There are brand issues over the use of multiple names including Market Square, El Mercado, and Farmer's Market Plaza
- ▶ There is possible confusion related to the fact that Farmer's Market Plaza does not have any produce (similar to Produce Row)
- ▶ Some vendors use Market Square in their advertising and others do not.



## 2.8 Management

As of October 1, 2006, Market Square became a facility of the new Downtown Operations Department. Previously Market Square was under the direction of the Parks and Recreation Department.

A current organizational chart for Downtown Operations includes the following:



The staff that support Market Square consists of three full-time employees who are responsible for daily administrative duties, managing and promoting the facility, and coordinating and monitoring special events. City staff is on-site daily and the Facility Operations Coordinator makes visits with tenants on a daily basis. If there are issues to address, tenants usually correspond during these visits, or by phone or in writing. Contractual issues are referred to the Contract Services Division for review and response. The Facilities Operations Coordinator manages the daily operations of the facility and works closely with the Convention and Visitor Bureau staff in promoting and marketing the venue. In addition, the Facility Operations Coordinator meets formally with the presidents of all three associations on a regular basis and attends tenant meetings to provide a liaison service between the tenants and the City.

The Special Activities Coordinator monitors and arranges approximately 14 large cultural events hosted in Market Square annually. In addition, the person coordinates the entertainment schedule for the indoor stage located in the Farmer's Market Plaza as well as the Working Artists Program. The administrative aide handles all payroll and personnel responsibilities for the section. Additionally, this person handles all accounts payable and receivable for Market Square.

At the City level, the Facilities Operations Coordinator reports to the Senior Management Analyst who reports to the Assistant Director of Downtown Operations and upwards to the Director of Downtown Operations. All lease issues are handled by one of the Contract Coordinators who reports to the Contracts Manager. This is overseen by the Assistant Director and Director of Downtown Operations.

The current management structure operating Market Square is not optimal. Market Square operates under an entrepreneurial system of leasing a stall to a vendor with a use clause (at Farmer's Market Plaza) and allowing the vendor to create an active market environment. The problem is that the entrepreneurial spirit has motivated a small number of vendors to compete on a price basis rather than a superior product and selling basis. The effect is a downgrading of the overall Market Square. This is partly due to not having a Market Square Manager who can be proactive in setting the direction of the market (including the ability to reward and offer citations to vendors).

The City is no longer in direct control of Market Square. The Market Square Facilities Operations Coordinator does not have the tools in place to enforce many vendor behaviors beyond the overall market structure, opening/closing, ongoing maintenance, ensuring that vendor's products stay within their designated stall areas, coordinating some special events, and that the vendors are not selling things outside of their use clauses.

The City management of Market Square means that it is neither able to move quickly enough to respond to day-to-day operations nor take advantage of opportunities for enhancement and improvement.

A review of the management alternatives includes the following assumptions:

- ▶ Under any management alternative, the City will continue to own the land and the building.
- ▶ Under any management alternative, there will be staff necessary to carry out functions such as maintenance, clerical work, leasing, and marketing/public relations. This analysis deals only with organizational structure above the position of a Market Manager. Please note that the current Facilities Operations Coordinator position is too limited for Market Square's needs.

## Alternatives

There are three alternative management structures:

### 1. Ownership and Direct Operation by the City of San Antonio (i.e., the current situation)

Market Square is an operating unit within Downtown Operations. The Market Square Facilities Operations Coordinator reports to the Senior Management Analyst who in turn reports to the Assistant Director of Downtown Operations and to the Director of Downtown Operations. Any contract/lease issues are directed to the Contract Coordinator and the Contract Manager.

Direct ownership and management of a market by a public sector agency is common among operating markets in North America. Examples include the following<sup>7</sup>:

- ▶ Dallas Farmers' Market, Dallas: owned and operated by the City. Several markets operate in a similar manner. The defining characteristic is that the City is not involved in the daily operation of these markets. They have set clear policies and working arrangements to ensure they are operated separately.
- ▶ St. Lawrence Market, Toronto: owned and operated by the City of Toronto. Market management report up through the City organization to City Council.

### 2. Creation of an Independent Trust Owned by the City

The City has the power to create a wholly-owned Trust for operating a market. The City would retain ownership of the land and the buildings but would delegate all responsibility for operating the market to the Trust. The City would likely retain control over capital financing (on the assumption that it would not delegate the Trust to borrow) but the Trust would be responsible for leasing, setting rents, annual budgeting, staffing, creative direction, and all other aspects of operating the market. The Chair and the Directors of the Trust's Board would be appointed by City Council and it is likely that some of the Directors would be City Council members and potentially senior staff who would act in a liaison capacity and represent the interests of the City and the community.

This type of management structure is in place in a variety of existing markets in North America including:

- ▶ Reading Terminal Market, Philadelphia, PA.
- ▶ Granville Island, Vancouver, B.C.

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<sup>7</sup> A comparison of other Markets is provided in Appendix B.

### 3. Long Term Lease to a Private Sector Operator

As the City intends to retain ownership of the property, the only way to turn over complete management responsibility to the private sector is through a lease arrangement (master concessionaire lease/head-lease). The City would lease the public sector portion of Market Square to a private sector entity (an individual or a company) under strict guidelines for the operation. However, the more strict the guidelines, the more it will impact rent to the City. The private sector operator would then be responsible for all aspects of operations, except for structural maintenance. The operator would pay the City rent, which might be fixed monthly, or an annual rent, or a payment based on financial performance (or some combination).

There are a few examples of situations in which a market property is owned by a public agency and leased on a long-term basis to a private operation. Examples include:

- ▶ El Poble Espanyol, Barcelona
- ▶ Old Town San Diego, State Park, San Diego, CA.

A summary of different markets and retail areas in North America and Europe is provided in Appendix E. This chart highlights management structure and marketing budgets for these facilities.

#### Evaluation Criteria

The management evaluation is based on the following criteria:

- ▶ Potential impact on revenue
- ▶ Potential impact on costs
- ▶ Potential impact on net income to the City
- ▶ Management efficiency
- ▶ Potential impact on the character and image of Market Square
- ▶ Accountability to the City (as the ultimate owner and investor).

## Potential Impact on Revenue

If Market Square were operated under a policy of achieving fair market value in rental rates, then the management structure should have no impact on the potential gross revenue from rents.

However, public sector operation (either directly by the City or through an independent Trust) involves two potential risks related to revenue:

- ▶ There can be a prevailing sense (among vendors, community at large, or elected officials) that a City project should be operated on a break-even basis, as though it were a community facility, not on a for-profit basis. This would make it difficult to achieve the highest possible rents.
- ▶ There can be political pressure on elected officials (usually from vendors) to avoid increasing rents. Usually the lobbying against rent increases involves themes related to hurting small, family-owned businesses.

These risks are greatest when the City owns and directly operates a market, as the elected officials are un-necessarily involved in making commercial decisions about the market and become targets. City operated markets that have a better history of non-involvement by elected officials (e.g., St. Lawrence Market, Toronto), or if the operation of the market is delegated to a Trust (including the independent authority to set rents), work better. However, the veil of an independent Trust is of little value if elected officials seek to influence unduly the management.

The private sector is immune to these kinds of pressures as there is the expectation that the private sector will maximize revenue. The situation of a private sector operator on a long-term lease may be swayed, as there is still a connection between elected officials and the market. The solution is always a clear policy and consistent application of that policy.

Given the significant investment, the need for more investment by the City of San Antonio, and the desire to not overly subsidize some vendors, the City policy on financial performance and rents should be as follows:

- ▶ To seek to operate at a profit
- ▶ To set rents at fair market value, subject to the need to offer temporary discounts of favorable terms to achieve “lease-up” or encourage entrepreneurial vendors.

As stated, this policy is only useful if it is applied consistently and if there is no political will to unduly influence the management of Market Square.

## Potential Impact on Costs

There are three main ways that management structure can affect costs:

1. Public sector operation often involves an obligation to use City personnel, and these costs can be significantly higher than if the private sector operated the project. Delegating operational responsibility to a Trust may not change the requirement for use of City personnel; however, Market Square has recently moved away from City staff for custodial maintenance and security and hired an outside firm. This should result in some cost savings.
2. The total allocation of management expense against Market Square has been accounted for in the financial statements. Other operating management models may be able to reduce the indirect allocated expenses.
3. The extent to which management seeks to (or has incentive to) minimize operating costs can vary. The private sector has a profit motive to minimizing costs; whereas, the public sector may not. It is important not to be too “spend-thrift” as some short-term cost reductions may jeopardize the long-term performance of the market.

While private sector operations tend to be leaner, it is possible to develop budget processes and accountability measures that minimize any over spending under City or Trust management.

## Potential Impact on Net Income to the City

The revenue and cost considerations outlined above will have an impact on the net income that will flow to the City as the owner. If there is a net profit, all funds raised at Market Square go into the General Fund and expenses are paid out of the General Fund.

Under City operations, the City will continue to either receive the profit or fund the loss associated with the operations. It will be up to the City to determine how to use this potential revenue (e.g., General Fund, capital infrastructure, grants/loans to vendors for upgrade of stall space) or fund the loss. Under a Trust model, the mandate and budget may call for retaining some cash reserves (presumably up to some limit) that could defer the potential flow of income to the City, although over the long term, the City should end up with the same total income.

Under the private sector lease model, the main new financial factor is that the private sector will expect to earn a profit and will only pass to the City the agreed on rent. This rent may be a fixed annual payment or some combination of a fixed payment plus supplemental payments based on financial performance. However, it will be less compared to the amount received if the City operated the market directly. The City would have lower costs and lower risks under a private sector lease model. However, the City’s net income would be lower because only a portion of the net income from the market’s operations would be payable as rent.

Market Square's history of producing a profit and sales volume may attract interest from private sector individuals or companies to operate. However, given the 2008 budget and the projected operating loss and if it were to continue, Market Square would not attract the same level of interest. In addition, the previous healthy financial situation at Market Square would have been encouraging to help find quality Board members under a Trust model. If Market Square were in severe financial difficulties, it would be harder to find quality Board members to work together to bring it into a positive financial situation.

Market Square may look to other development opportunities such as more control over the parking and a greater share of the revenue or redeveloping other parcels such as the Cortez' family proposal for a Cultural Zone.

## **Management Efficiency**

Often private sector management is capable of responding more quickly to some kinds of management issues because there is less need for public process and for reporting up through layers, and the risk of media attention would be mitigated, which may expedite decision making.

For example, the decision to terminate the lease of a defaulting tenant is neither difficult nor time consuming in the private sector. In contrast, the need for public process, the risk of an issue becoming high profile in the media, and the concern about political impacts can make such a decision slow (or worse, can result in not terminating tenants that should be let go).

An independent Trust can, in theory, be more efficient than a direct City operation as there are fewer layers and the Directors of the Trust could reasonably be expected to be more focused on market issues and less sensitive to political repercussions. In practice, this depends heavily on the composition, knowledge, and motives of the Directors. If elected officials appoint Directors who are community-service oriented, have some understanding of business and retail matters, and who are focused on achieving profitable operations, the Trust can be efficient. Otherwise, the Corporation can become dysfunctional.

## Potential Impact on the Character and Image of Market Square

Over time, management structure can affect the character and image of the market in two principal ways:

- ▶ The tenant mix
- ▶ The public's informal use of the space.

In order to maintain their unique niche image, most markets must carefully manage their tenant mix. The tenant mix should exhibit the following characteristics:

- ▶ Diversity and variety including some vendors who can add visual interest and customer appeal even if they are not high rent payers.
- ▶ Predominantly owner-occupied rather than businesses owned by parties that do not take an active role in on-site retailing. Personality and customer relations are one of the ways the markets differentiate themselves competitively from other retail operations in the City.
- ▶ Businesses that are unique or at least unique in the regional marketplace. One implication of this is that chains and franchises are regarded as inappropriate for the market.

Public markets tend to exhibit these tenant mixes more often than private markets. Private sector markets strive to adhere to these principles but have difficulty turning down the high rent that can be offered by national and regional chains. Private sector markets also tend to include more flea-market-type vendors and different arts and craft vendors whose quality may be questionable. This is often a complaint at these markets such as St. Jacobs, Canada, which are privately owned. Some markets have an adjudication system that helps ensure sufficient high quality of the market is maintained.

There are many examples of markets that have accepted national and regional food court type vendors. An example is Santa Fe Rail Market in Downtown Fort Worth. This market began to accept either national or regional vendors. This was one of a variety of factors that contributed to the project failing within a few years. It was undifferentiated to a food court. The City could put provisions in the master concessionaire lease/head-lease, which stipulates the type of tenants (and what is not allowed) and even go so far as to retain the right to review each proposed tenant under a Trust model.

Under the City operation or Trust models, the City can retain complete control over the tenant mix for the long-term benefit of the market. This can mean foregoing some short-term income, which may be necessary for the long-term viability of the market.

The second potential difference can impact the public's informal use of Market Square space.

Shopping centers tend to use security guards and other means to discourage what the owners might consider “loiterers and undesirables.” Publicly owned space, on the other hand, tends to be more open to a wide range of people. While illegal activities and truly disruptive behavior cannot be tolerated at the market, there may be more latitude in tolerating people hanging out for long periods. Given the original charter for the City to open plazas for public use and enjoyment, the City should maintain an open attitude for the public areas.

## **Accountability to the City**

The City is making a large investment in Market Square. As such, the City is quite anxious to ensure that Market Square is operated in a manner that maximizes the chances for long-term success and that will make a strong contribution to the vitality of San Antonio, the Downtown, and the west end of Downtown.

On the surface, direct operation would appear to offer the best way to ensure that Market Square operates in accordance with the City’s goals and objectives. However, if the City delegates authority to a Trust, accountability to the City can be achieved by carefully setting up the arrangement in the first place, choosing the appropriate people, and having good reporting and feedback systems.

No management structure is inherently better than the others. All of the options have strengths and weaknesses, including the potential to produce very good and very poor results. Vague policies, inconsistent decisions, over-politicization of decisions, or inappropriate personnel can prevent success under any of the management options.

The strengths and weaknesses of the options are summarized on the following table:

	City Operations	Non-profit Trust	Private Sector Management
Rental Revenue Potential	▶ Can have the greatest risk of under-achieving because the City can find it difficult to push for market rents	▶ With enough independence, can match private sector's ability to achieve market rents	▶ Best chance to maximize rental income
Costs	▶ Can have a hard time minimizing costs due to union labor and lack of incentive for cost reduction	▶ May have the same problems as the City operations and conflicts over responsibility (e.g., maintenance, marketing)	▶ Best chance to achieve minimum operating costs
Administrative Efficiency	▶ Has the potential to be less efficient than other options, but this depends heavily on the organizational structure and individuals	▶ Can match the private sector because the Trust is focused on Market Square	▶ Likely to be the leanest organization
Net Income to City	▶ Paradoxically can generate most cash to the City because no funds are retained by the Trust or private sector	▶ Can produce the same result as the City operations unless the Trust retains significant reserves	▶ Can produce the lowest payment to the City because the private sector operator requires profit and is essentially only paying rent for the building
Character of Market Square	▶ Should be little risk of gradual erosion of Market Square character due to tenant mix problems and should produce the optimal community public space	▶ Probably the same as under City operations	▶ Greater risk of gradual shift in the tenant mix to enhance revenues but possibly at the expense of local unique character. Probably more regimented in terms of public use of the space

## 2.9 Summary

Market Square is very active despite vendor reported decreased traffic counts and expenditure per visitor. Visitors come to Market Square due to its reputation. As a result, it is a sought after place by vendors for business activity. There are no vendor vacancies in Farmers Market Plaza and El Mercado and a few vacancies along Produce Row and Dolorosa Street. In addition, although the revenues and expenses are lower than required to run this type of market, Market Square has been profitable in the past. The opportunities and potential for Market Square are positive. The primary challenge is to build a stronger Mexican and Latin American market experience through professional retail management leadership.

While Market Square requires urgent physical infrastructure updates, its most urgent need is for effective leadership and management. It is apparent that due to politics, City staff is unable to effectively lead or manage Market Square. To that aim, the manner by which Market Square is managed must change to proactively lead Market Square and to enforce the lease agreements. This is a must-have condition for Market Square to succeed. Any physical design and marketing changes will not have the same effect unless there is an effective management structure.

## 3.0 ACTION PLAN

### 3.1 Vision

It is time for a bold and exciting vision for Market Square. The vision for Market Square should be the best Mexican and Latin American themed craft, eating and drinking, and entertainment market in the U.S. It should be nationally known for its unique products reflecting traditional Mexican and Latin American specialties as well as San Antonio's rich Hispanic heritage.

Market Square will play a much broader and more important role in the City's future. It will continue to focus on Mexican, Latin American as well as Southwestern U.S. and Hispanic San Antonian themed crafts, eating and drinking, and entertainment, but Market Square will also help revitalize the Downtown's west end by offering a much wider range of products and programming for the local residents.

As a crossroad for civic and tourist activity, programs can feature cultural planning activities, events, tourism and convention programs, as well as entertainment, demonstrations, and learning associated with the themes addressed. This broader appeal will generate more visits and make much better use of this valuable cultural asset. It reinforces the brand image as the number one place to visit for this experience.

In order for this vision to be realized, it will be necessary to introduce change to both the physical aspects of the venue as well as the way it is managed, operated, leased, and marketed. Without these positive changes, the City will see this asset languish.

The vision for Market Square is as follows:

- ▶ A Mexican and Latin American craft, food, eating and drinking, and entertainment market – highlight its craft market and experiential appeal
- ▶ A catalyst activity center for the west end of Downtown – more than just a tourist craft and eating and drinking market that includes social activities
- ▶ An attitudinal/image enhancer for Downtown and San Antonio
- ▶ Creates a sense of “I want to go to Market Square” – a destination
- ▶ Reinforces a consistent branded identity
- ▶ Creates a place of high standards in terms of merchandising, design, service, and architecture
- ▶ Creates a sense of activity
- ▶ A unique community asset that reflects positively on the City of San Antonio.

### 3.2 Management

Based on the preceding analysis, the Trust model has the potential to combine the preservation and enhancement of Market Square's unique cultural strengths available through a City managed operation and the business management and marketing skill available through a private sector leasing. The net effect is a win-win for Market Square.

The City has an obligation to ensure that their properties at Market Square are operated in such a way that it provides high quality, competitive retail services for the customers, as well as a duty to ensure that the vendors who lease space from them are able to earn a quality living in a safe environment. In addition, the City will want to ensure the cultural attributes of Market Square are maintained and enhanced to the best benefit of the City. A non-profit Trust model is the best alternative for the following reasons:

- ▶ The current City operations are too bureaucratic for a competitive functioning retail operation. Operations are too slow, are layered with bureaucracy and approvals, and vendor contact with elected officials circumvents lines of authority. Market Square will be in a better position to be competitive with other tourism shopping, eating and drinking, and entertainment businesses by having the skills and autonomy to act quickly and efficiently.
- ▶ Under the current model of City management, Market Square has not been able to achieve a quality vendor mix with product specialization and a business-management structure that provides leadership and direction.
- ▶ The City will still be able to maintain control over Market Square so that it continues to operate as a unique San Antonian community asset while improving the arts, cultural, and educational programming.
- ▶ The Trust's Board will be composed of professionals who understand both marketing, leasing, and operations of retail markets as well as cultural programming skills required to ensure this is a valuable City asset that promotes an authentic Mexican and Latin American themed market and San Antonian culture (e.g., Hispanic and Latin American arts and culture education and training such as dance, food preparation).
- ▶ Market Square is in a good potential economic position and recruiting qualified Board Directors should not be a problem. The Trust model will allow Market Square to expand its operation, increase the budget, and still remain economically sound.
- ▶ The risk of a national or international private sector leasing firm changing the character of Market Square is too great. The result may be a Market Square that is generic to other areas in the U.S. and does not reflect San Antonio's Hispanic culture. There is also the risk of chain retailers being allowed to operate at Market Square. The only exception for private sector management would be for a local professional operator to take on the management of Market Square through a master concessionaire lease/head lease arrangement. Strict use and operating clauses must be in place between the City and the operator to ensure the unique character of Market Square remains intact.

## Recommendation

The City should move towards an independent Trust model with the aim of giving the Trust complete autonomy over the City owned space of Market Square's operations<sup>8</sup> under the umbrella of goals and policies defined by the City.

## Market Manager

Having the most effective, efficient management structure and Market Square Manager is the most important factor in success.

This person's responsibilities will be to:

- ▶ handle the overall retail and cultural programming management of Market Square;
- ▶ set leasing policy and review all new leasing deals;
- ▶ take over leasing when appropriate from the contracted leasing person;
- ▶ propose and manage operational budgets;
- ▶ develop and implement a marketing plan including events and public relations for Market Square and eventually hire a Marketing Coordinator to fulfill this role;
- ▶ manage staff, coordinate the activities of volunteers (if appropriate), and contract services;
- ▶ be a spokesperson, advocate, and liaison person for Market Square with the City and tourism, west end downtown, and other downtown partners. This includes community functions.

The type of person best suited to this position would be someone with a successful record in retail or public market experience. If there are no candidates with public market experience then a person who has managed retailers, a strip mall, or a small shopping complex would also be ideal. It is important that whoever is chosen have some real estate experience (property management and/or leasing).

Administration and marketing during the initial transition should be coordinated by the Market Square Manager. Special events may also be contracted out or someone hired on a part-time basis to fulfill this role until a new marketing coordinator is hired. There may be opportunities to share resources with other City-owned facilities such as La Villita. This may include a shared marketing coordinator or pooling resources to hire the same cleaning service or security firm in order to negotiate a better rate.

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<sup>8</sup> An option may be to have one non-profit to oversee both Market Square and La Villita with shared staff but separate boards. This would be more economical but will require further study especially related to cultural differences between the two operations.

## Board of Directors

Market Square will transition to a non-profit Trust model that is overseen and operated by a Board of Directors. The Board will be appointed by City Council. It may include a combination of Mayoral appointees, City Council appointees, and other appointees chosen by an advisory council. This is a situation similar to Pike Place Market. The Board should be working at a level once removed from the actual management of Market Square, except as they are able to assist the Manager by providing special skills or knowledge. The only direct management responsibility that the Board should have is to continue to staff the Manager's position. The Board will do its work through a series of committees, which will be made up of at least two Board members but may use volunteers. The committees include:

- ▶ Executive Committee — set agenda and acts as a central authority to identify issues to be discussed and voted on by the entire Board.
- ▶ Audit Committee — ensure financial transactions are in order and reviews budgets.
- ▶ Marketing Committee — assist the Manager in the development and evaluation of a marketing plan. This committee may be involved in the hiring process for the Marketing Coordinator. They would work with the proposed Partnership (see below).
- ▶ Government Relations — act as a liaison to public officials to build and maintain two-way communication on issues related to Market Square.
- ▶ Business Assistance Committee — plan for and contribute to the Business Assistance program and the Small Business Outreach programs offered by the City of San Antonio and assistance that may be provided by the Tenants' Associations. The aim will be to assist small entrepreneurs to develop space at Market Square (e.g., merchandising, display, stall set up, circulation, signage, product sourcing, financing in terms of rent abatement programs or low cost loans, insurance).

## Tenants' Associations

The tenants' associations will be able to provide additional marketing and business start-up assistance to the vendors. This includes where to source insurance, financing, and graphic designers, among other business start-up needs.

## Market Square Partnership

Given the need to coordinate and consolidate programs at Market Square for increased efficiencies, marketing, and branding and partnership organization should be formed to oversee both the public and private sector interests of Market Square. This body could be similar to a Business Improvement District with everyone paying a portion or contributing funds that would go to collective marketing, advertising, branding, events, and promotions at Market Square. In addition, the partnership could work towards agreed upon infill and redevelopment opportunities.

## 3.3 Product Mix and Vendor Requirements

The follow action items specifically address the publicly owned buildings of Farmers' Market Plaza and El Mercado and spaces associated with Market Square.

Regarding product and vendor mix, there are markets with carefully managed product lines and markets with a more laissez-faire attitude allowing vendors to sell what they want. The most successful markets manage both the product lines and the vendor mix carefully to create a diverse, specialized roster of vendors who are not allowed to wander across product categories. For example, a pottery vendor sells pottery and ceramics, and not sweaters. This specialization has several advantages:

- ▶ It produces a larger number of small vendors rather than a smaller number of large vendors – this is good for diversity, which is key to a successful market.
- ▶ Specialization tends to produce better quality – the vendor is focused on good quality, good presentation, uniqueness, and variety (within that category); mass merchants do not have this level of focus.
- ▶ Instances when there is blurring of product lines tend to detract from the image and appeal of the unique product offering (i.e., it is no different than elsewhere at Market Square or in Downtown and there is no point of differentiation).
- ▶ While ideally there would be one vendor/owner for each stall, a situation may arise that a vendor may own more than one stall. Multiple ownership within a family may be allowed where there is strict specialization of the product mix. The worst situation is multiple ownership within a family and no specialization.

The vendor mix for the publicly owned areas should include four main categories of vendors of approximate size:

- ▶ Mexican and Latin American hand crafted items – 50% of space
- ▶ Complementary cultural related items such as music, books, apparel, sporting goods, and home furnishings – 15% of space
- ▶ San Antonio and Texas unique craft and souvenir items – 15% of space (may include Southwestern U.S. and Native American)
- ▶ Eating and drinking prepared food items and food and beverage items – 20% of space

The higher the proportion of Mexican and Latin American hand crafted items the better for the market overall. The tenant mix should include a core of Mexican and Latin American hand crafted items that provide a differentiated and competitive gift shopping experience, supplemented by specialized vendors that provide diversity and character.

The City owned buildings at Market Square include approximately 104,000 square feet of space in El Mercado and Farmer's Market Plaza. Approximately 55% should be leasable space. This is equivalent to 57,200 square feet depending on configurations<sup>9</sup>.

Product Category	Square Footage
Mexican and Latin American crafts	28,600
Complementary gift items	8,580
San Antonio and Texas crafts and souvenirs	8,580
Prepared foods	5,720
Culinary experience (produce, spices, cookware)	5,720
<b>Total</b>	<b>57,200</b>

This vendor mix should be used as a general guide not a definitive checklist. The tenant mix must be fine-tuned as recruitment initiatives and negotiations with existing vendors take place.

Stall sizes will include a mix of large and small. The small stalls should average 300 to 500 square feet. Some are very small (e.g., 125 square feet). Larger stalls can be approximately 1,000 square feet.

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<sup>9</sup> Note that only 48,223 square feet is leasable at both buildings combined.

A vendor program should include a broad range of different products<sup>10</sup>:

Vendor Types	Average Size	Number of Vendors	Total Square Footage
Pottery	750	7	5,250
Jewelry	400	6	2,400
Glass	750	4	3,000
Leather	750	4	3,000
Handcraft items	500	6	3,000
Silver, tin, metal smith	500	5	2,500
Apparel	500	5	2,500
Textiles	700	3	2,100
Artwork	700	5	3,500
Religious	450	3	1,350
Other hand crafts and regional	400	6	2,400
Complementary leisure	916	10	9,160
San Antonio/Texas culture	800	7	5,600
Fast food	300	7	2,100
Sit down eating	1,810	2	3,620
Food	5,120	1	5,120
Convenience goods	600	1	600
<b>Total</b>		<b>82</b>	<b>57,200</b>

In addition to the permanent vendors, there will be part-time vendors located outside. These may include:

- ▶ Craft vendors
- ▶ Artisans
- ▶ Prepared food vendors
- ▶ Farmers (produce).

<sup>10</sup> Some of these categories are not mutually exclusive; there is an opportunity perhaps for overlap such as religious art work.

The arts and crafts and food vendors will be located along Produce Row, Concho Street and the west side of El Mercado. The farmers may locate either under the I-10 underpass or on the west side of El Mercado. The arts and craft and prepared food vendors will locate during high tourist periods including weekends and summer. Additional times may be considered based on demand. Farmers and food sellers may come once a week during an afternoon (e.g., Thursday afternoon and early evening). It is important to find a cool location and time of day for the farmers given the high heat during the Texas summers. Appendix F contains a list of key Texan agricultural produce and their seasonality. A minimum of 12 to 14 vendors is required to create a local draw.

## Layout Considerations<sup>11</sup>

- ▶ Given the raised center portion of the El Mercado building, it will be difficult to re-align the aisles in the short term. The layout of El Mercado is adequate and presents a circular race track route with a center aisle. In the long-term, a reconfiguration that creates larger stalls on the perimeter and smaller stalls in the interior is preferred.
- ▶ Farmer's Market Plaza does not maximize vendor space and may be reconfigured to provide larger stalls on both sides of the aisles.
- ▶ No re-alignment of stalls in Farmers' Market Plaza should begin until there is an opportunity to sell fresh fruit and produce on a regular basis (e.g., cucumbers, coconut, chillis, specialized Latin American spices, cookware) that can occupy 5,000 sq. ft. This vendor will be a culinary experience.
- ▶ In the long term, layout considerations may include:
  - El Mercado
    - Larger stalls should be located on the north and south sides of El Mercado (perimeter). Larger anchor type vendors such as pottery, leather, textiles, and art work should be located on the perimeter
    - Smaller specialty type vendors such as jewelry and religious articles should be located in the center
    - Addition of a café on the west side of the building if the addition remains, or outdoor stalls if it is removed

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<sup>11</sup> Appendix C contains examples of a proposed layout. The illustrated stalls show a standard size of 300 square feet for each stall. In reality, the stalls will vary in size.

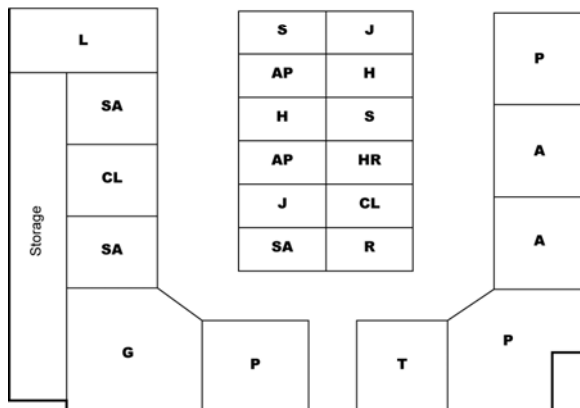
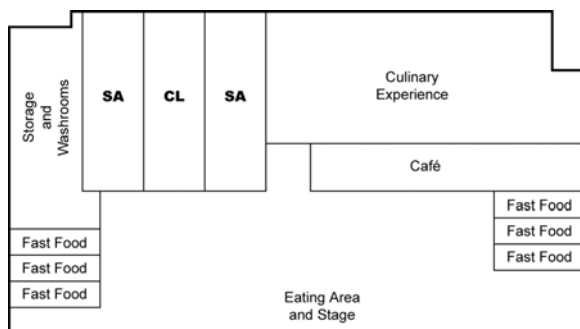
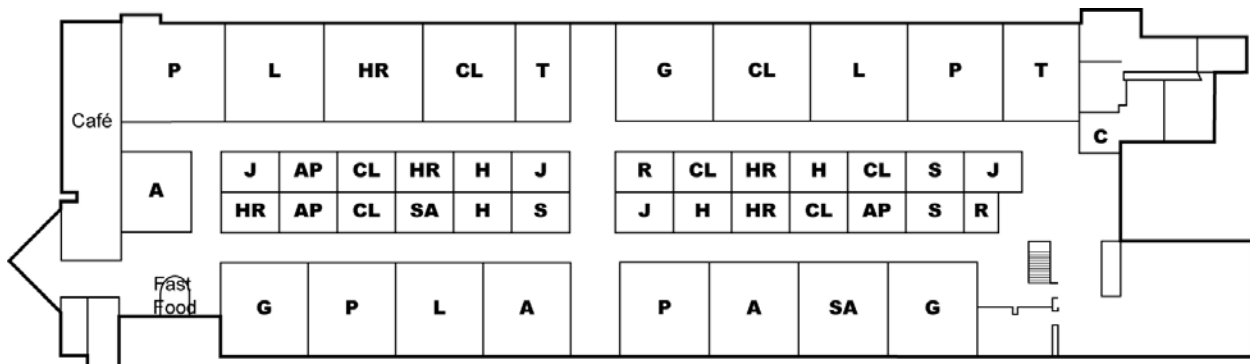
- Farmer's Market Plaza
  - Specialized Latin American culinary experience with fresh, semi-prepared, and prepared food options including a beer, wine, and liquor store as well as cooking equipment/supplies – all with a Latin American theme
  - Food court vendors and seating. Food court seating can double as seating for indoor performances
  - Storage on the west side
  - A circular race track configuration on the south side of the building

Additional considerations include the following:

- ▶ Stalls need to be arranged so that no vendor has four exposed sides. This configuration assists with vendor staffing, customer service, and visual presentation.
- ▶ No single vendor occupies more than 1,000 square feet of space in Market Square, with most occupying 500 to 1,000 square feet. The key to creating a vibrant market is the number and variety of specialized vendors per commodity rather than the actual total space per commodity.
- ▶ The physical presence of the building should be enlivened with signs, graphics, banners, and lights. Banners should highlight vendors and showcase experiential aspects rather than just the products being sold. Individual vendors should be encouraged to develop stalls including appropriate lighting that showcases the products they are selling. The use of bulky fluorescents should be discouraged in the buildings and the stalls. A program of using lighting to enhance the merchandising and displays needs to be encouraged by management.
- ▶ Entrances need to be large, bright, open, and welcoming.
- ▶ The vendor lease agreement must include common design guidelines. Guidelines on height, size, and colors need to be given to all vendors and prospective vendors. Individuality should be encouraged within these design guidelines.
- ▶ Vendors will pay for all the on-floor fixtures, furniture, and equipment. The central storage will be leased to vendors and they will be charged rent for its usage. Storage will be located on the west side of Farmer's Market Plaza. The area will be maintained by cleaning and security staff.
- ▶ Any outdoor craft carts and/or vendor tables need to be of a standard design and will be provided and stored by Market Square.
- ▶ Security will have strict policies on hours and access.

The following is one proposed vendor layout for El Mercado and Farmers' Market Plaza. Management should be encouraged to experiment with vendor layouts including placing well-merchandised vendors at high visibility locations (this could be any vendor category). It is important to remember that this is only one plausible vendor layout configuration.

## One Proposed Vendor Layout Configuration



<b>P</b>	Pottery
<b>G</b>	Glass
<b>J</b>	Jewelry
<b>L</b>	Leather
<b>H</b>	Handcraft items
<b>S</b>	Silver, tin, metal smith
<b>AP</b>	Apparel
<b>T</b>	Textiles
<b>A</b>	Artwork
<b>R</b>	Religious
<b>HR</b>	Handcraft regional
<b>CL</b>	Complementary leisure
<b>SA</b>	San Antonio, Texas culture
<b>C</b>	Convenience

## Service Requirements

- ▶ In a market, it is important to maintain a high degree of flexibility to accommodate changes in occupancy. To the extent possible, basic services should be roughed into all vendor stalls including the following:
  - Electrical and telephone service to all stalls with enough service points to provide for the division of areas into smaller units. For most vendors, electrical service must accommodate high levels of lighting that are appropriate in stalls. Each stall will be metered for electricity consumption. Eating and drinking vendors will require increased levels of water and electricity as well as venting. Many of these requirements are already in place.
  - Floor drains to all food and eating and drinking stalls are required. These vendor types can produce water on the floor that must be drained away. Floors should be water resistant for this reason.
  - Special ventilation is only required in a few areas. The main requirement is for eating and drinking operations with grills, stoves, or deep fryers. Prepared food vendors should be located together. The potential for food demonstrations may require a special test kitchen that can be moved and stored.

## Merchandise

The Lease Agreement must have specific product controls in order to ensure variety of products/vendors. This means that the lease will specify the products to be sold and the vendor must receive permission from Market Square management to sell any other products. Other “product line” specifications are as follows:

- ▶ Must be high quality
- ▶ Source/origin of product must be marked
- ▶ Prices must be clearly visible
- ▶ Pricing must be competitive with other shopping areas
- ▶ All prepared foods (such as sauces) must be properly labeled according to government and Federal, State, and local Health regulations
- ▶ No third party signs are allowed (e.g., Budweiser, Pepsi)
- ▶ A receipt must be given to each customer for every purchase.

## Other Considerations

- ▶ Fresh and prepared food vendors will generate large amounts of garbage and recyclables. Food waste tends to produce strong odors so it is important to have a well-planned approach to storage, removal, and compacting of garbage.
- ▶ Receiving and loading. This highly-important area must accommodate frequent, small deliveries. There is a need for the loading area to accommodate a variety of trucks and vans for off-loading. Strict rules on the amount of time vendors can park at the loading dock and loading area, hours, and a schedule need to be enforced.
- ▶ Customer washrooms may consider doorless entries (i.e., winding entrance). This allows for easy entry for visitors with mobility issues such as wheelchairs, baby strollers, or those who find it difficult to open doors or who are holding a number of bags/parcels. In addition, it creates a more sanitized environment as visitors do not have to touch doors. In the short-term, washroom equipment should be updated, walls and floors retiled, and walls replaced.
- ▶ The outdoor Market Square area can include arts and craft and prepared food vendors, and some farmers.
- ▶ A tourist information kiosk should be set up in Market Square to provide tourist information and an additional level of eyes and ears for security purposes. This may be volunteers or paid security/tourism ambassadors.
- ▶ A quality customer experience program should be developed (e.g., secret shopper) on a regular basis to assess strengths and weaknesses of current customer service and where there are opportunities for improvements.

## Vendor Recruitment

These are required elements of the vendor recruitment plan:

- ▶ A detailed floor plan of El Mercado, Farmer's Market Plaza, and the plazas should be available for discussions regarding potential vendor locations.
- ▶ A firm schedule for further redevelopment plans for Market Square, substantial completion dates (so vendors can commence fit-out work), and other factors that will enhance or detract from sales potential.
- ▶ A lease instrument must be presented. Prospective tenants will want to see the form of lease that they will be expected to sign.
- ▶ Basic business terms such as rent rates, expected operating costs, and provisions (if any) for financial assistance with tenant fit-out must be in place so that prospective tenants can be advised of the expected total occupancy costs.
- ▶ Proposed days and hours of operation must be established.
- ▶ Tenant fit-out guidelines and requirements must be in place. These will include signage guidelines and regulations, design guidelines for vendor stalls (counters, display, and equipment, point-of-sale system), and mechanical and electrical specs.

With these in hand, active recruitment work can begin:

- ▶ Market Square must work with existing full-time vendors to determine if they fit into the vision of Market Square. Management will give preference to existing vendors that are high quality, financially strong, well suited to Market Square, and willing to make a commitment to the vision of Market Square. It is a very good strategy to hang onto a large proportion of good vendors that are known to customers. Market Square will need a core of existing vendors carried over to the new operation.
- ▶ Management should consider hiring an individual or company that is responsible for recruiting and negotiating leases for additional infill vendor stalls. The Market Manager will act as a back up.
- ▶ In addition, an advertising program and an RFP program aimed at recruiting vendors should also be used—ads and calls for vendors should be placed in local/regional newspapers, relevant newsletters, and websites. This would be coordinated with advertising for outdoor vendors as well. There should be no guarantees with any vendor recruitment initiative that a vendor space will be filled.
- ▶ Plan on making direct contact with potential vendors. These include existing, well-known, and good quality vendors and retailers who may be looking for a new or multiple locations, or local entrepreneurs who do not have a local retail outlet.
- ▶ Ideally, all vendors will be owner-operated businesses with no or few other outlets in the region. The vendor is not allowed to have another operation within 1 mile of Market Square. Chains and franchises are not allowed.

## **Days/Hours of Operation**

Market Square should operate seven days per week. If six days is determined to be the best, the closing should be Monday. Market Square must be open seven days during high tourism and convention season.

A 10:00 a.m. start and an 8:00 p.m. closing are ideal year round. Overall, there is a need for consistency in the hours of operation. An alternative would be an 11:00 am start time.

For any larger eating and drinking operations and specialized food markets, they may open earlier or stay open later.

## **Parking**

Given the amount of parking nearby, additional parking at Market Square is not required in the short-term. Better management and marketing of parking programs and locations is required to ensure that Market Square is easy to find and use.

## **Business Assistance Programs**

The management at Market Square will need to determine whether they should assist current and potential vendors. There are a number of programs in place within the City of San Antonio Economic Development Department's Small Business Division (SBD). These programs include: First Point Business Information Office (First Point); Small Business Economic Development Advocacy Program (SBEDA); South Texas Women's Business Center (STWBC); Procurement Technical Assistance Center (PTAC); and, South Texas Business Fund (STBF). The overall goal is not to replicate these services but to add to them, complement them, and infill with more specialized services unique to Market Square's requirements. Under the proposed management changes, a Business Assistance Committee (BAC) of Market Square's Board of Directors should be established to oversee the need for coordinating vendor assistance and augmenting where required. This will be complemented by the Tenant's Associations' (TAs) activities.

The BAC will need to determine the best course of action to assist current and potential vendors. These programs can be developed internally or through other organizations as mentioned. It will be important for the BAC to work closely with the SBD and the Tenant's Associations to coordinate services and ensure there is not excessive overlap on delivery. For example, while the SBD may offer general good retailing seminars that are applicable to many small businesses, the BAC can be very focused on training and workshops specific to Market Square vendor issues (such as Downtown tourism and how to gain sales during festivals and events). Additional assistance with Texas A&M Center for Retailing ([www.crstamu.org](http://www.crstamu.org)) may be a potential partner.

Assistance can include the following:

Activities	Responsibilities
Assessment of business needs	First Point, STWBC
Business plan development	STWBC
Small, minority, women business certification assistance	SBEDA
Assistance in completing forms required by City Small Business Policy	SBEDA
Loan programs; access to capital	STBF
Stall design, signage, merchandising, displays	STWBC, BAC
Coaching, one-on-one	STWBC, BAC
Rent abatement during the start up	BAC
Start up kit - where to source insurance, accounting firms, design firms, inventory pooling	First Point, SBEDA, TAs
Seminars, events, learning	First Point, STWBC, PTAC, BAC
Women Business Center	STWBC
Referral to other agencies for more assistance	First Point, STWBC, BAC, TAs
Relocation - smaller space, higher visibility, better adjacencies	BAC

The services offered by the SBD are subject to the conditions and controls of each program. In some instances, there are conditions on the size of assets, net profit, and number of employees, among others, that must be followed to gain assistance. As a result, some vendors at Market Square will not qualify. Important criteria for the BAC to offer support will have to be met.

Some programs such as seminars, workshops, training, referrals, and some other advice on tweaking of stall design and displays can be offered to all vendors either collectively or on a one-on-one basis as determined by the BAC's resources. Other assistance may come in the form of offering to watch their stall while they attend a business seminar, coaching, or financial meeting. It is important to note that some vendors will ask for assistance directly, which BAC will determine if they meet their criteria. It will also require proactive and tactful management to approach vendors that have not asked for assistance and whom the management views as in need of assistance.

Some vendor categories are unique and management may believe that the concept will be very good but the vendor may need assistance. An example would be an artist who produces excellent work but lacks the business acumen to successfully price, merchandise, market, and sell the product. In this situation, management may decide to provide additional assistance. This may include a rent abatement program for the first three to four months whereby rent is

gradually increased to standard Market Square rents. In addition, management may opt to work with the vendor on stall design, financial systems, and servicing customers, among other programs.

All vendors at Market Square deserve an opportunity to demonstrate their willingness to work within the guidelines set out in the recommendations. There are proposed restrictions on the types of products, stall size, and number of stalls that must be adhered to. If vendors are unwilling to work within the guidelines in these recommendations, it will be management's decision whether to renew (short-term or long-term) or whether to terminate their lease and search out another vendor who will work within the parameters established. Each vendor, on condition of renewing his or her lease, must submit a detailed business plan that meets management's approval. This includes the look of the stall, design materials used, products sold, financial and inventory control processes that they are going to use, sales reporting methods, staffing requirements, sales projections, and any marketing programs they are going to undertake. Only upon acceptance of the plan by management will a vendor be allowed to lease space at Market Square. An example is provided in Appendix G.

## **Evaluation Criteria**

Market Square management must determine which vendors qualify for additional assistance beyond those offered to all vendors. Market Square will want to ensure that any assistance delivered either from the Business Assistance Committee, Tenants' Associations, or through the SBD mitigates risk. Evaluation criteria for risk mitigation may include a combination of these three factors:

### **Sales Activity**

As vendors will provide sales activity levels to management, management will be able to gauge which businesses are doing well and which ones are faltering. If management believes that the vendor's concept is good but that the vendor's sales could benefit from changes, this is a desirable goal. It is easier to improve an existing tenant rather than to end the lease and recruit a new vendor. Management can determine whether they can offer the required assistance or refer them to the SBD for further programs such as loans. If a vendor is performing well in the eyes of Market Square management, they are less likely to receive additional assistance.

### **Size of Vendor**

The strength of Market Square will be on the small independent nature of the vendors. As stated, a number of vendor owners or families own multiple stalls. An overall goal will be to assist small independent vendors first over those vendors with multiple stalls or retail locations outside of Market Square. The exact criteria may be determined by the Business Assistance Committee but should generally include those vendors with one stall, stretching to two stalls if

necessary. There has to be a “carrot” approach to the assistance offered and it should work towards moving the vision of Market Square closer to reality.

## **Vendor Commitment**

Any program or assistance offered by the Business Assistance Committee or SBD must meet eligibility requirements, and this will include a sign of good faith from the vendor that they want this help and they are willing to commit time and resources to make it a success. Where there is financial assistance involved, generally the assisting organization requires that the vendor spend their money first. There may be requirements that the vendor commit a certain percentage of time in the stall, or submit detailed financial goals and daily/weekly sales activity for close monitoring. It is important to realize that sales activity is dependent on other factors, from the general state of the economy to tourism and weather.

## **Overall Success**

The Business Assistance Committee will be able to determine if there is success by the monthly sales reporting by each vendor. If the majority of the vendors are experiencing a downturn in sales, they will know that it is less likely the individual vendor and more a reflection of the state of the economy, and increased marketing may be required. If one or two vendors are losing sales while others are gaining sales, they will be able to pinpoint the vendors and work through a program of putting their business plan back on track.

## Lease Structure

The Market should have a standard form of lease<sup>12</sup> that will be used by all full-time and part-time vendors. This form of lease should, in many ways, be similar to a standard commercial lease used in shopping centers. Each tenant will have to sign the lease agreement, which will stipulate all the rights and expectations of the vendor. The following notes focus on elements that should be tailored to a market leasing situation.

- ▶ Term: an initial term of three years for new vendors. After you have experience with vendors and are convinced you want to keep them, five-year terms are reasonable.
- ▶ Renewal: tenants will want to know that, if they are successful, they will be able to continue to occupy their space. However, Market Square needs to be able to actively manage the merchandising mix through eliminating or replacing weak performers. In this situation, leases need to be renewed on a regular basis (e.g., not automatically renewed). This ensures that vendors are operating to Market Square's expectations and this is assessed on a regular interval. This helps to mitigate the risk of renewing a vendor who should be terminated.
- ▶ Product lines: the leases must be very specific regarding the product lines the vendor is allowed to sell. There can be a tendency in markets for product lines to "wander" in ways that may benefit an individual merchant in the short term but are damaging to the overall market concept in the long term. This is happening at Market Square whereby vendors are continually adding more product lines to help boost sales but the overall image is deteriorating. When several tenants act this way, the situation that results is duplication of products. This can be prevented by drafting and enforcing specific clauses governing the vendor's allowable use and product lines.
- ▶ Exclusivity: vendors should not be granted exclusive rights to any product. This does not mean that there should be overlap in categories, but that individual vendors should never be in a position to control or limit the addition of new vendors. Management has the responsibility to ensure that categories do not become overloaded.
- ▶ Corporations: Market Square will need to determine if corporations are allowed to rent space. As a general rule, corporations should not be allowed at Market Square.

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<sup>12</sup> The Market may consider license agreements. Both leases and license agreements are equally effective. The choice may partially depend on the Market Square Manager's and leasing agent's knowledge and experience with either lease or license agreements.

- ▶ Rent structure: a percentage-based rent structure is ideal for Market Square. Vendors pay their proportional share of the common area maintenance costs plus the greater of a fixed base rent or a fixed percentage of sales volume. The advantage of a percentage-based system includes the requirement to report sales. This gives management excellent feedback on the performance of individual vendors, the performance of vendor categories, the effects of marketing campaigns, and required modifications to the vendor mix. In addition, management is given the ability to set base rents low (during the initial stages) so that tenants know that during the “ramp-up,” following their opening, their rent will be commensurate with their sales volume. Vendors normally resist, mainly because they do not want to report sales volumes, but the benefit of this sales volume information is vital to a successful management program. Percentage rents give vendors an incentive to do well, providing a carrot in terms of performance. The changes and lease renewals at Market Square is the ideal time to introduce a percentage system, as it becomes a condition of the lease. Introducing it after the fact is very difficult. The vendors do not report sales to management. Percentage rents in a market usually range between 3% and 5% for the lowest margin categories (e.g., crafts) to 6% to 8% for prepared food, candy, and other high margin products and retail and souvenir items. Specialty food retailers are often charged 5% (tobacco 1%). Whether or not a percentage system is used, it is important to structure the rent system so that tenants pay their proportion of all the CAM charges. It is important that tenants understand that CAM is simply a cost recovery and not rent.

Appendix H includes a copy of two draft leases from Pike Place Market and London Covent Garden Market. There are several similarities in each lease.

### 3.4 Marketing, Promotions, and Special Events

In terms of market positioning, the image of Market Square should reflect the aspects that make it differentiated and culturally unique in comparison to other San Antonio attractions.

According to the research, these include:

- ▶ Unique Mexican and Latin American theme market experience in the U.S.
- ▶ Availability of quality crafts and eating and drinking
- ▶ Entertainment that reflects the Mexican, Latin American, Tejano, and Hispanic San Antonian culture (i.e., Tejano)
- ▶ Arts, culture, and learning related to Mexican, Latin American, and Hispanic San Antonian culture
- ▶ The personal contact with business owners who sourced the product and can relate the history of the product or service
- ▶ Convenience and centrality in Downtown and the region
- ▶ A friendly, people place where people can meet and socialize.

Upon careful review of Market Square's marketing, it appears clearly that if the go ahead is given to proceed with the much needed management changes and product re-alignment, a rethinking of Market Square's marketing must take place.

Market Square needs to re-brand itself. Market Square's repositioning of itself within the region and nationally will be of paramount importance. Themes include the following concepts:

- ▶ It is unique to U.S.
- ▶ It is San Antonio's to be proud of
- ▶ It is the best Mexican and Latin American themed market in the U.S.

The marketing should start by using the three positives of Market Square. These were re-enforced by the consumer surveys and key person interviews. This includes:

- ▶ The Product – quality Mexican and Latin American themed crafts
- ▶ The Place – historic place, cultural atmosphere, socialization opportunities, entertainment opportunities
- ▶ The People – exceptional vendors who can relate the history of the product they are selling and the place they are buying it from.

Building a focused brand that now separates itself from the recent past, but does so with respect, while at the same time honoring the long heritage of Market Square is important. This should be done by establishing a program that is a mix of reality and perceptions in the minds of desirable customers, such that they choose Market Square over other options in the area. Market Square will be the place to go for unique Mexican and Latin American themed crafts, eating and drinking, specialty food items, and entertainment in a friendly, personal service oriented atmosphere.

The marketing plan should focus on advertising that helps build positive perceptions. This is similar to all brand campaigns. It must deliver unique emotional propositions, and as a result, must establish a four-pronged foundation of strong brands: relevance, differentiation, knowledge, and esteem. In addition, there must be consistency in the positioning conveyed through a coordinated program of advertising, special events, promotions, and public relations.

## The Challenges

The challenges are many but not insurmountable:

- ▶ Vendors are responsible for their own operations and profitability, but without the knowledge and/or the understanding of what some marketing could or would do to improve their individual bottom line. As a result, Market Square must do the marketing.
- ▶ Market Square cannot single-handedly solve the problem of visitors who do not want to visit Downtown.
- ▶ Market Square needs to be seen as a place to go out to be entertained by events, activities, or even just to be seen at.
- ▶ Market Square needs to build its reputation for quality, unique products to compete with its competition elsewhere in San Antonio and the U.S. and set itself apart from shopping centers that have souvenir items and mass merchandisers.
- ▶ Market Square must consider itself in competition with other tourist attractions and shopping centers. The marketing plan must be on the same level as a 110,000 square foot attraction in San Antonio. Its programming and budget must be in-line with a retail venue that has the potential to generate approximately \$20 million in retail sales revenue annually (excluding eating and drinking sales).

## Meeting the Challenges

Market Square must emphasize several key messages in all its communications point of contact and interactions with the public:

- ▶ Ambience: Market Square must show a unique shopping and eating experience for the whole family. More festivals, events, outdoor craftspeople, and entertainment are needed on a regular basis.
- ▶ Character: Market Square's vendors are usually owner-operators with unique personalities. Market Square needs to convey a sense that this is a friendly and interactive place with a sense of community. The messages include "We're a Family," and "We're your neighbors."
- ▶ Quality: Market Square offers an overwhelming abundance of hand crafted items and unique complementary leisure items that are worth paying a little more for.
- ▶ Connoisseurs: Market Square must present itself as the place to go for the best assortment, Mexican and Latin American themed ideas, and to be with people who care about Hispanic and San Antonio's culture and know what is good.

## The Marketing Plan<sup>13</sup>

Given the fact that establishing a brand for Market Square, through all advertising in the first year or two, is of paramount importance, the advertising program should feature:

- ▶ Print
- ▶ Radio
- ▶ TV
- ▶ Website
- ▶ Events and activities
- ▶ In-house banners.

## Other Activities

- ▶ Cooking school/test kitchen
- ▶ Parking incentives and promotions
- ▶ Announcement of new tenants as they come in
- ▶ Tie-in to events in the Downtown and region.

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<sup>13</sup> A sample marketing plan from London Covent Garden Market is provided in Appendix I.

## Marketing/Promotional Budget

An estimated budget of \$215,000 is required for Market Square from both the management and the vendors. A breakdown of the budget is as follows:

- \$100,000 (estimated vendor contribution)
- \$115,000 (estimated market contribution)
- \$215,000 (total budget)

Other important considerations include the following:

- ▶ If a percentage of rent is implemented, the \$215,000 investment in marketing quickly affects the bottom line, sales increases, and percent rent increases.
- ▶ A creative agency should be used to develop visuals but they should not do the media buying because agency rates are too high. The agency should be local, if possible, with good community and media understandings.
- ▶ A Marketing Coordinator should be someone who coordinates all activities and events as well as the timing and execution of all media buys. They develop relationships with the community and media.

## Vendor Communication and Motivation

Vendors should be informed of and involved in all special events held at Market Square. The main focus behind this involvement is the Tenants' Associations representation on the Marketing Committee. A regular newsletter to vendors should be used to provide timely information on upcoming events and instructions on how vendors should be participating. An example is provided in Appendix I.

Point-of-purchase materials, special signage, displays, and decorative themes are some of the instruments that can be used to involve each vendor in a given promotional event.

### 3.5 Financial

A typical market this size should be able to achieve sales volume of \$300 to \$400 per square foot. This is equivalent to approximately \$20 million in retail sales for the vendors (excluding eating and drinking).

An estimated pro forma for Market Square's operating budget includes revenue of over \$2 million (6% of gross sales). Expenses will be related to operations such as salaries for the Market Manager, support staff, marketing, and vendor recruitment. The building operations expenses are related to keeping the building clean and safe. These expenses are charged back to the vendors in terms of CAM.

The break-even rent scenario has an average rent for all of the vendors being approximately \$16 per square foot. However, rent will be charged on a base rent and percentage rent basis. Increased rent will provide additional reserve funds for future renovations, repairs, and small capital projects.

- ▶ The \$100,000 Marketing Fee is charged to each vendor pro rata and is considered a flow through expense.
- ▶ CAM charges are for Common Area Maintenance and reflect the Building Operations Expenses section of the pro forma business plan. In this situation, vendors are charged back the expenses as they occur. Note, the recommendation for metered stalls eliminates some of these expenses from the pro forma.
- ▶ Office and administrative expense will vary. Some of the expense items will be contingent on whether Market Square pays for the expense or the City does. An example would be accounting and auditing expenses.
- ▶ Custodial expenses are itemized separately as these services are contracted out separately. This is also true of security expenses.
- ▶ Marketing costs represent the total contribution of both the vendors and the Market. Salaries for the Marketing Coordinator are placed in the Salaries and Wages line item.
- ▶ Salaries include Market Manager, Marketing Coordinator, and administrative assistance.
- ▶ Vendor recruitment may be higher or lower depending on the vacancy at the Market. An estimated \$10,000 annual fee to assist in recruiting vendors along with additional marketing will be required.

Revenue	Proposed
Rental revenue (minimum)	\$440,000
Marketing fee	\$100,000
CAM	\$750,000
Total revenue	\$1290,000
Expenses	
<b>Market operations</b>	
Salaries and wages	\$225,000
Advertising and publicity	\$215,000
Vendor recruitment	\$10,000
Office and administration	\$90,000
Total market operations expenses	\$540,000
<b>Building operations</b>	
Custodial and maintenance wages	\$400,000
Facilities management	\$250,000
Security/Information Ambassadors	\$100,000
Total building operations expenses	\$750,000
Total Expenses	\$1,290,000
Net income (loss)	\$0

In terms of financing some of the operational items and capital recommendations, Market Square needs to “think outside the box” and meet with major players in the community. This can be effective in cross-promotional activities. Market Square should look at sponsorship funds for a wide range of activities.

For example, the portable kitchen may be sponsored by the local newspaper that can be used as a cooking school. The Rotary Club may sponsor the outdoor stage.

## 4.0 PROCESS

As stated, the primary challenge will be to change the management structure of Market Square to ensure that there is creative direction and leadership to enforce effective leases with the vendors.

This process will take time to develop. The most effective organization for the publicly owned portion of Market Square is a non-profit Trust of the City of San Antonio.

While the City of San Antonio is in the process of major infrastructure changes and leases are about to be renewed at Market Square, this is an opportune time to develop a new organizational/management. A transitional committee/organization must be in place first.

The next steps for the City of San Antonio require City Council's approval to accept the analysis in this report and to direct Downtown Operations staff to assess the implications of potentially moving towards a non-profit association. This would include legal, financial, staffing, among others. Alternatives such as a Market Square Partnership should be assessed as well as joint management with La Villita. A time line for transitioning Market Square should be developed.

# **ATTACHMENT C**

## 2007 Bond Program Facility Projects

Project Name	Council District	Project Budget
Magik Children's Theater	1	\$100,000
Market Square - El Mercado	1	\$850,000
Market Square	1	\$1,140,000
Claude Black Community Center	2	\$200,000
Ella Austin Community Center	2	\$500,000
Fairchild Park Pool Facility	2	\$500,000
George Gervin	2	\$500,000
NE Area Recreational Facility	2	\$4,000,000
McCreless Library	3	\$450,000
Mission Library	3	\$5,275,000
Villa Coronado Park & Community Center	3	\$250,000
Cortez Branch Library	4	\$300,000
Johnston Branch Library	4	\$300,000
Pan American Library	4	\$300,000
Apache Park - Pavilion	5	\$150,000
Avenida Guadalupe Complex	5	\$150,000
Bazan Library	5	\$375,000
Collins Garden Library	5	\$400,000
Guadalupe Theatre	5	\$500,000
Memorial Branch Library	5	\$300,000
Westside YMCA Building Renovations	5	\$525,000
UTSA Athletic Facilities	8	\$5,550,000
Parman Library in Stone Oak	9	\$3,000,000
Oakwell Library	10	\$325,476
Botanical Gardens	CW	\$600,000
CentroMed Clinic	CW	\$550,000
Spanish Governor's Palace	CW	\$775,000
Witte Museum	CW	\$1,250,000

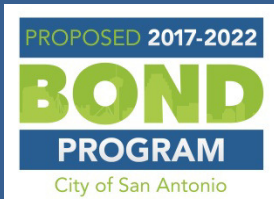
2012 Bond Program  
Facility Projects

Project Name	Council District	Project Budget
Alamo Plaza	1	\$1,000,000
Blue Star Arts Complex	1	\$250,000
Central Library	1	\$4,000,000
Children's Museum	1	\$3,000,000
Dellview Park	1	\$250,000
HemisFair Park - Historic Homes	1	\$4,100,000
HemisFair Park - Magik Theater	1	\$950,000
San Antonio Museum of Art (FA)	1	\$1,000,000
Witte Museum	1	\$4,000,000
Botanical Gardens	2	\$1,200,000
Carver Cultural Center	2	\$1,000,000
District 2 New Branch Library	2	\$6,000,000
Fire Station 18 Replacement	2	\$6,098,000
Fire Station 30 Replacement	2	\$5,906,000
District 3 Community Center	3	\$6,000,000
Greater Mission Recreational Facility	3	\$2,500,000
Hangar 9 Museum	3	\$250,000
District 5 Senior Center	5	\$1,750,000
Guadalupe Cultural Arts Center	5	\$845,000
Lone Star Recreational Facility	5	\$1,850,000

2012 Bond Program  
Facility Projects

Project Name	Council District	Project Budget
San Antonio Natatorium	5	\$400,000
District 6 New Library Site	6	\$1,400,000
Northwest Area Recreational Facility	6	\$3,000,000
District 9 New Branch Library	9	\$7,000,000
Hardberger Park	9	\$4,287,000
District 10 Senior Center	10	\$10,000,000
Stray Animal Kennels	10	\$2,200,000

# **ATTACHMENT D**



# Staff Recommended Guiding Principles

- 1 Support SA Tomorrow Growth Plan:** Bond projects will support identified needs or goals outlined within the City of San Antonio's SA Tomorrow growth plans.
- 2 Coordination with Other Agencies:** Bond projects will be coordinated with scheduled infrastructure improvements plans of other Agencies including San Antonio Water System (SAWS), San Antonio River Authority (SARA), CPS Energy, VIA Transit Authority, Bexar County, TxDOT and Federal Funding.
- 3 Increase Connectivity:** Bond projects will improve connectivity between existing neighborhoods, streets, sidewalks, bike facilities, drainage systems or other networks.
- 4 Leverage Funds:** Bond projects will leverage other Governmental Agency dollars for infrastructure improvements.
- 5 Project Continuation:** Bond projects will complete ongoing phased or designed infrastructure improvement projects.
- 6 Investment in Major Corridors:** Bond projects will support street infrastructure improvements that first focus on major streets; in a complimentary way, local streets are funded through the Infrastructure Management Program (IMP) and Annual Operating Budget.
- 7 Improve & Support Vision Zero:** Bond projects will support City's Vision Zero program to include sidewalks, crosswalks, walkways or bikeways.
- 8 Complete Streets:** Bond projects will take into account all forms of public use for streets and open areas.
- 9 Environmental Sustainability:** Projects will support environmental sustainability by promoting energy and water conservation, restoring natural resources and improving storm water and air quality, as applicable.
- 10 Operating & Maintenance Budget Impact:** Bond projects will take into account all operating and maintenance costs.
- 11 Rough Proportionality:** Bond projects will support rough proportionality throughout the City.

# **ATTACHMENT E**

## STAFF RECOMMENDED PROJECTS WITH COST BREAKDOWN

PROJECT	CONSTRUCTION	PRE-CONSTRUCTION	REAL ESTATE	TOTAL PROJECT COST
Sport Education Facility at Copernicus Park	\$4,850,000.00	\$150,000.00	\$0.00	\$5,000,000.00
Wheatley Heights Community Center	\$5,100,000.00	\$900,000.00	\$0.00	\$6,000,000.00
McCreless Branch Library	\$2,125,000.00	\$375,000.00	\$0.00	\$2,500,000.00
Mission Marquee Green Room	\$510,000.00	\$90,000.00	\$0.00	\$600,000.00
Aquatic Center Improvements at Palo Alto College	\$5,141,000.00	\$159,000.00	\$0.00	\$5,300,000.00
District 4 Heritage Community Center	\$6,375,000.00	\$1,125,000.00	\$1,000,000.00	\$8,500,000.00
Natatorium at Southwest ISD	\$3,880,000.00	\$120,000.00	\$0.00	\$4,000,000.00
Las Palmas Branch Library	\$850,000.00	\$150,000.00	\$0.00	\$1,000,000.00
Memorial Branch Library	\$1,700,000.00	\$300,000.00	\$0.00	\$2,000,000.00
Sports Fileds Improvements at Potranco Branch Library	\$1,700,000.00	\$300,000.00	\$0.00	\$2,000,000.00
Tezel Road City Facility (including park police)	\$2,125,000.00	\$375,000.00	\$0.00	\$2,500,000.00
District 9 Senior and Constituent Services Center	\$11,230,200.00	\$1,981,800.00		\$13,212,000.00
Fire Station 24 Replacement	\$8,011,250.00	\$1,413,750.00	\$575,000.00	\$10,000,000.00
Public Art	\$1,016,600.00	\$179,400.00	\$0.00	\$1,196,000.00
Alamo Area	\$8,472,950.00	\$262,050.00	\$0.00	\$8,735,000.00
Center City Substation for SAPD and Park Police HQ	\$14,081,950.00	\$2,485,050.00	\$4,000,000.00	\$20,567,000.00

## STAFF RECOMMENDED PROJECTS WITH COST BREAKDOWN

PROJECT	CONSTRUCTION	PRE-CONSTRUCTION	REAL ESTATE	TOTAL PROJECT COST
Central Library Improvements	\$2,550,000.00	\$450,000.00	\$0.00	\$3,000,000.00
Brackenridge Park/Witte Museum Parking Garage Expansion	\$1,940,000.00	\$60,000.00	\$0.00	\$2,000,000.00
Zoo Parking Garage	\$5,525,000.00	\$975,000.00	\$0.00	\$6,500,000.00
World Heritage/Cultural Arts Center	\$4,850,000.00	\$150,000.00	\$0.00	\$5,000,000.00
UTSA Athletics Complex	\$9,700,000.00	\$300,000.00	\$0.00	\$10,000,000.00

# **ATTACHMENT F**

## Facility New Project and Staff Recommended Project Increase Requests

Citizen's Name	Project Name	District	Staff Recommended 2017 Project	Summary of Comments/Project Scope	Total Requested Amount	Recommended Amount
Becky Dinnin	Alamo Plaza	1	Yes	Construct facilities in support of Alamo area improvements. Funds will be leveraged with Texas General Land Office and private donations. <b>This project is in the City staff recommended project list.</b>	\$ 8,735,000	\$ 8,000,000
Bob Heckman	Fire Museum Public Education Office Renovation	1	No	78 year old building. Project funding requested to support ADA accessibility to the 2nd floor.	\$ 400,000	\$ 400,000
Farmers Market Plaza Association (Yvette Ramirez, Henry Rodriguez)	Market Square	1	No	Improvements requested to prepare for Tricentennial. This area is highly visited by both tourists and citizens. Past improvements have not fully addressed needs.	\$ 2,800,000	\$ 2,000,000
San Antonio Museum of Art (Titana Herrera-Schnyder, Elda Martinez)	San Antonio Museum of Art	1	No	Requesting stabilization and exterior infrastructure modernization to the Museum's historic buildings. Potential The Museum plans to leverage City Bond funds with private contributions, similar to the 2012 Bond. The Museum will continue to offer the public free access to galleries and programs. A specific amount for the leveraged funds has not been stipulated.	\$ 10,620,000	\$ 2,000,000
Omar Leos	San Pedro Play House	1	No	City-owned property. Facility is in need of expansion to restrooms and add Administrative Offices. Renovations to lobby, box office and create an event space. Renovate Auditorium and improve sound system & lighting. Add storage, dressing rooms and classrooms. Expand cellar theater and erect an outdoor amphitheater & code compliant restrooms	\$ 13,500,000	\$ 1,500,000
Library Foundation (Tracey Bennett, Mari Tamez)	Texana Collection	1	No	Texana is a world-class genealogy collection that has old maps to archived newspaper clippings. It contains the history of Texas, and San Antonio. Additional funding to introduce technology to the facility and to make the documents more easily accessible. Also are items in need of repair and to be preserved. The Library Foundation is working to leverage private dollars against any potential bond funds and that he would let them go into more detail during citizens to be heard.	\$ 1,000,000	\$ 1,000,000
Anthony E. Hargrove	Ella Austin Community Center	2	No	Requested facility improvements to the main building, including the auditorium, building 6, and site repairs involving the agency parking lot, lighting and security systems.	\$ 5,665,000	
William Harper Jr.	Martin Luther King Plaza	2	No	Requesting over/underground utilities conversion, accent lighting, art, tree scape, wrought iron benches, security lighting, trees etc. at 300 , 400, & 500 Blocks of N. New Braunfels Avenue.	\$ 650,000	

## Facility New Project and Staff Recommended Project Increase Requests

Citizen's Name	Project Name	District	Staff Recommended 2017 Project	Summary of Comments/Project Scope	Total Requested Amount	Recommended Amount
Zernona Black Community Center (Reverend Otis Mitchell, Barbara Hawkins)	Zernona Black Community Center	2	No	A vision has been established by Barbara Hawkins and other eastside advocates to create roughly a dozen "access points" in the eastside community to provide specific services to the public. The first two proposed locations would be on land owned by Mt. Zion and Greater Love Churches. The nonprofits for these churches, Zernona Black Center and Greater Love, would operate and maintain new facilities funded jointly by the nonprofits and the City. These projects are NOT a replacement for the Ella Austin Community Center as some have mentioned.	\$ 3,000,000	\$ 2,000,000
Beatriz Joseph	Aquatic Center Improvements at Palo Alto College	4	Yes	Improvements to the aquatic natatorium could potentially include a new roof, HVAC, scoreboard, bleachers, interior and exterior renovations. Leveraged funding between Palo Alto College and City. Admission is free on any day for: Seniors: 80+ Free, Adults \$4 (18-59), Children \$3 (0-17) ACCD Student/Staff/Faculty Free W/ID, Police/Fire/Military Free W/ID. <b>This project is in the City staff recommended project list.</b>	\$ 5,300,000	\$ 4,000,000
Gabriel Quintero	Avenida Guadalupe Facilities Rehabilitation	5	No	<b>Plaza Guadalupe Improvements:</b> Plaza Improvements to include new standing-seam galvalum roof systems at existing Concession Stands; new stainless steel shade panels at existing Concession Stands; new vertical protection surround system at north kid's playground and sand box; new energy efficient LED lighting systems; new venue gating and enclosure systems; limited ADA rehabilitation of brick paver system to include new concrete and curb flatwork; select stucco and paint rehabilitation throughout; new pvc roofing at Plaza-South Maintenance and Office Buildings; select pigeon abatement control systems; new decorative architectural lighting components throughout. Two new self-contained roof mounted HVAC systems. Select improvement to existing men's and women's restrooms to include portable toilet enclosure locations. <b>Estimated total cost for all of the requested Avenida Guadalupe Facilities Rehabilitation is \$3.8 Million.</b>	\$ -	
Gabriel Quintero	Avenida Guadalupe Facilities Rehabilitation	5	No	<b>Las Oficinas Reroof and Exterior Rehabilitation:</b> Las Oficinas Reroof to include new hard board sub-deck system, pvc roofing material, and new metal roof coping. New roof to be reflective and to enhance energy efficiency rating. Repair to existing stucco/EIFS at select location and complete repaint with UV protective paint and associated preparation work. <b>Estimated total cost for all of the requested Avenida Guadalupe Facilities Rehabilitation is \$3.8 Million.</b>		

## Facility New Project and Staff Recommended Project Increase Requests

Citizen's Name	Project Name	District	Staff Recommended 2017 Project	Summary of Comments/Project Scope	Total Requested Amount	Recommended Amount
Gabriel Quintero	Avenida Guadalupe Facilities Rehabilitation	5	No	<b>El Parian Reroof:</b> El Parian Reroof to include new above-existing metal roof insulation, new hard board deck, and pvc roofing material. Reroof to include comprehensive rehabilitation of existing gutter system, removal of obsolete mechanical equipment located at roof, and improvements to roof and parapet located electrical systems. New exterior heat-gain reducing stucco system wall enclosures at South Facade. New extruded aluminum/glass storefront systems to include front doors at north facade. New Broadband extension to property, line to new demarcation, and basic rafter located raceway system. New Energy Efficient HVAC Systems to include energy efficient mini-spits at select locations. <b>Estimated total cost for all of the requested Avenida Guadalupe Facilities Rehabilitation is \$3.8 Million.</b>	\$ -	
Gabriel Quintero	Avenida Guadalupe Facilities Rehabilitation	5	No	<b>El Progreso Hall Reroof:</b> El Progreso Hall Reroof to include complete new pvc roof and parapet system with metal cleat. Reroof to include new sloped insulation board and hardboard sub-deck. Rehabilitation of downspouts with associated pvc components and metal downspouts. Rehabilitation of all Doors and Windows to include replacement and rekeying of all associated hardware. New LED lighting systems to attain maximization of energy efficiency. Rehabilitation of interior wall systems. <b>Estimated total cost for all of the requested Avenida Guadalupe Facilities Rehabilitation is \$3.8 Million.</b>	\$ -	
Gabriel Quintero	Avenida Guadalupe Facilities Rehabilitation	5	No	<b>Whitestar Conference Center Reroof:</b> Whitestar Conference Center Reroof to include complete new pvc roof and parapet system with metal cleat. Reroof to include new sloped insulation board and hardboard sub-deck. Rehabilitation of downspouts with associated pvc components and metal downspouts. Reroof to include removal and replacement of existing roof located HVAC condensing units with new energy efficient HVAC systems. Egress/Access door rehabilitation to include new associated hardware. <b>Estimated total cost for all of the requested Avenida Guadalupe Facilities Rehabilitation is \$3.8 Million.</b>	\$ -	
Kimberley Britton	EPI Center	5	No	A transformational CPS project. EPI = "Energy, Partnerships and Innovation" center to be built along Museum Reach (Mission Power Plant renovation). The center will be unique in the country in terms of combining education, research and development, and an innovation think tank in one spot. The center will educate and promote the publicly owned utility's New Energy Economy initiative that promotes clean energy, technologic innovation, and energy efficiency. Requested funds for site preparation and outdoor venues. Leveraged funds. Total project cost = \$75M	\$ 5,000,000	\$ 2,000,000

## Facility New Project and Staff Recommended Project Increase Requests

Citizen's Name	Project Name	District	Staff Recommended 2017 Project	Summary of Comments/Project Scope	Total Requested Amount	Recommended Amount
Christina Balli, Katie Silva, Scott Bridgest, Selina Pena	Guadalupe Cultural Arts Center	5	No	The project is to renovate 2 historic buildings: The Guadalupe Theater and the Progreso Drugstore Building.	\$ 750,000	\$ 750,000
Friends of the Library - Las Palmas Branch (Delia Ramirez Trimble, Linda Arronge, Elena Gonzales)	Las Palmas Library	5	Yes	Comprehensive library improvements to include: interior upgrades (i.e., carpet/fixture, interior and exterior painting, restroom remodel, HVAC replacement, emergency and security lighting improvements. Technology upgrades (i.e., "Connect", digital reading area, Wi-Fi). Exterior improvements potentially could include front entrance vestibule, monument signage, outdoor seating. <b>This project is in the City staff recommended project list.</b>	\$ 2,000,000	\$ 1,000,000
Amber Garza	Memorial Library	5	Yes	Branch library renovations potentially includes interior renovations (i.e., restroom/flooring, interior and exterior painting, emergency and security lighting, ceiling and building system upgrades and repairs, exterior foundation repairs, technology upgrades, shelving enhancements, signage, P.A installation. An approximately 3,000 sq feet of expansion for existing library could potentially include redesign of meeting room, teen center with a teen computer zone, re-configure circulation desk to improve staff/customer interaction, provide 3-4 workspace cubicles in staff workroom, façade update, improve lighting in Spanish book area, increase computer capacity in 'Connect' area. <b>This project is in the City staff recommended project list.</b>	\$ 3,800,000	\$ 2,000,000
Cathy Pottorf, Art Hall, Aaron Taylor	UTSA Athletics Complex (Park West Athletics Center)	8	Yes	Project supports the Senior Games of Texas, and grows the visibility of UTSA in San Antonio, in Texas, and nationally. <b>This project is in the City staff recommended project list.</b>	\$ 10,000,000	\$ 7,000,000
Siboney Diaz-Sanchez	Guadalupe Cultural Arts Center - Progreso Building		No	This is a sub-project of the above	\$ 110,000	\$ -