

**ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY
BOARD OF DIRECTOR'S SPECIAL SESSION
September 8, 2005**

Present

JoAnne Zito-Brause
Jeff Sinz
Mary Jane Michael
Jana Hayenga

Present

Mike Zoske
Louise Lazur
Joelle Hall
Dan Coffey

Excused

Bill Smith
Ken Stout

Staff/Guests

Kevin Kinney
Krin Kempainen

Call to Order

Ms. Zito-Brause called the meeting to order at 5:05 pm. Mr. Kinney welcomed everyone in attendance. He informed everyone this meeting was for public testimony on the Sunday Market. Each person who signed in to speak will have 3 minutes and will be called forward in order of signing in. He stated if they had sent a letter or an email it had been included in the packet provided to the Board members. He introduced the Board Chair, Ms. JoAnne Zito-Brause, who would be calling on the speakers.

Public Comment

1. Carmen Fisher from Westco (Once in a Blue Moose) - Ms. Fisher stated she was speaking on behalf of her family; May, Sheryl and Jerry Jefford. They are the owners of Westco and have operated a business in downtown Anchorage since 1969. They compared their business revenues from July on Sundays from 2004 and 2005 and have found income down 27%, when they looked at Mondays through Saturdays they found themselves down 4%. Overall they concluded they are down a total to 23% as a result of the Sunday Market. Their business operates in the red 6 months a year so they must do well in the summer to help carry their business through the winter. They asked the Board to discontinue the Sunday Market.
2. Peter Lekisch a Downtown property owner – He has an interest in the vitality of downtown since he owns several downtown properties. One of his properties is located next to Club Paris and it has been vacant for the past year, prior to that it was rented by 2 different gift shops for 10 years. He fears if the market continues there will be other vacancies in downtown. He originally urged the creation of the market because he envisioned a market for local artists, local farmers, local chefs and local craft makers. In the process of evolving, the market has become a place where you can sell anything. A market which was to complement downtown merchants has become a place for vendors to compete directly and unfairly with the downtown merchants. Market vendors have little overhead whereas the downtown merchants have a large 12 months overhead. He is apposed to the continuing of this unfair business advantage. He asks the Board to appose the continuing of the Sunday Market.
3. Suzi Perri from Suzi's Woollies – She has been in business for 7 years downtown, and chose the downtown because of her faith in the vitality of the downtown. She doesn't feel it is a level playing field with the creation of the Sunday Market. The people at the Market don't pay taxes or inventory taxes a business owner has. Like everyone else she makes the big sales in the summer. The market has put a damper on her business, which

has caused her to stop operating on Sundays because if she took in \$250 on a Sunday it was considered a good day. She has seen the streets vacant and quiet on Sundays. She has had to start turning down charities in the community since she can no longer afford to help support them, she has had to also cut back on advertising. With competition from the malls in midtown, where parking is better, the downtown has lost a lot of business and she feels the Sunday Market needs to go. She doesn't hold a grudge against anyone trying to make a living but feels if everyone was on the same level field everyone would have a better chance. She won the Heart of the City award in 1998 and hopes the City's heart is in the right place.

4. Lynn Dixon from Cook Inlet Book Co – She and her husband have been in business for 13 years on 5th Avenue. In 2004 after the Sunday Market experiment she testified before the Board that her sales had fallen over 30% due to the Sunday Market impact. This year they tried something new by working with the Sunday Market. They published a discount coupon in their publication and only had 5 takers; there is no cross pollination between the Market and downtown businesses. The Market had the same negative impact this year as it did last year, creating the worst summer season she has ever seen since they have opened. As a result they have stopped all donations, cut back on inventory, and reduced staff. They were also unable to repeat the \$50,000 free book donation to the Anchorage Schools this year. She asked: Do the governing bodies of Anchorage want a full time year round vital downtown or only want a downtown which is opened for business only 4 months in the summer? If a year round vital downtown is wanted then the city must level its playing field and cease competing with downtown merchants. A good start would be to not renew the Sunday Market. Ms. Hall stated there is a plan on the books for an E Street Corridor and she asked Ms. Dixon if she would feel the same if the location for the Market was different and physically more intermingled or do you feel the competition is unfair just based on taxes and the way their business (the vendors) is structured verses your structure. Ms. Dixon said yes, because when they are paying \$.50 a sq foot and she pays 3 times that, there is a basic unfairness. She went on to say she has not had a chance to review the E Street Corridor plan yet, so has no idea as to what kind of impact this will have. She has every intention of being involved in the process.
5. Ron Dixon from Cook Inlet Book Co – As a year round downtown small business, he is absolutely opposed to the continuation of the Sunday Market. His business fell over 30% this summer. Vendors pay an average of \$.50 a sq foot whereas the average rent for downtown is 3-5 times that amount. Downtown merchants also pay property taxes, inventory taxes and are required to have a business license. He objects to the massive subsidies being given to the market vendors because of the low rent they pay. The city should not be in competition with its tax base. He strongly urges the Board to not renew the Sunday Market.
6. Jay Green from Polar Bear Gifts and Gold Rush Gifts – Mr. Green wanted to voice his extreme opposition to the continuation of the Sunday Market; at the same time he wanted to voice his support for Saturday Market to return to it's original intent. Mr. Green owns and operates 4 retail stores in the core of downtown. He employs 20 full time employees

in the winter and up to 50 in the summer. Since the inception of the Sunday Market his Sunday sales are down approximately 30%-40%. Sundays used to be the best day of the week for his business but now they have become the worst. As a result of this, he has plans to close 2 of his stores and let go up to 5 employees. If Sunday Market continues there will be more vacancies downtown and less tourist traffic similar to the picture of downtown 10 years ago. Several stores have been up for lease for more than a year; these are quality locations. Mr. Webb wrote in the ADN that the Municipality collects a total of \$80,000 for the Sunday Market, which he finds interesting since Mr. Webb makes in excess of \$7 Million on Sundays alone in just 18 weeks. This means he is giving the city only 1.1% of the total dollars made. He wants to know if this is fair to the City or even to the brick and mortar businesses who are here all year long paying rent, property and municipal taxes. With just Mr. Green's four stores, the city collects \$80,000 in taxes and his sales come nowhere close to \$7 Million. He pays over \$80,000 in rent for January and February alone every year. He would like to know if sales and expenses from the Market are public record and how much rent each vendor is paying for the 18 weeks of sales. He wants to know who else is profiting from the Market. Is it fair that some vendors have up to 10 booths, is it fair having the vendors selling the exact same items downtown business are selling? 90% of the tour buses park in front of the Market on Sunday, remember tourists have as little as 1 hour to shop in downtown Anchorage. Do you think they leave the Market area when they know their buses are right there to pick them up? He said Mr. Webb pays off the bus drivers to park there. He said he knows one of the cruise lines was shocked to find this out since it goes against their policy; the cruise company moved their buses since being informed of this practice. He feels the tour bus drop off points should be moved to the core of downtown and the weekend Market should be returned to what it was originally intended to sell and Sunday Market should be shut down. He also feels from May – September the municipality should implement a 24 hour a day bus parking zone in the core of downtown and not on 3rd Avenue. Ms. Michael asked Mr. Green what the original intent for the Market was. He stated he believes it was for some local artists and a farmers market. Now it has grown into a major competition for many businesses. Mr. Coffey asked what the availability on parking was. Mr. Green stated it has hurt parking by taking away parking spots downtown; the hardest day to park for his employees is Saturdays. Ms. Hayenga asked if he means there is no turn-over in parking since people are staying put once they find a space. Mr. Green said yes.

7. Diane Louise form Aurora Fine Art – Her rent today is a whole lot more then 3 times the \$.50 a sq foot. It is location, location, location for a business. She sat on the Anchorage Parking Authority Board when the inception to the Market came up. The original intent was for a farmers market to augment the downtown businesses and bring local people downtown so business could bring back the glory of downtown. What's happened now is businesses are being eaten out of house and home by the market. She was amazed by the amount of people who have come forward against the Market. All of them are merchants willing to compete on an equal base and will not normally complain. Things need to get very bad for this to happen, which is what is happening now. She stated Mr. Webb is a very good honest business man, but that isn't the problem. It has to do with those who are here all year long and those who aren't. She went on to discuss the article Mr. Webb

wrote in the ADN, and highlighted a couple of areas; \$7 Million being spent at the Sunday Market, which, if a poll from business owners were taken, she doesn't think they would come near that amount. She went on to discuss the buses dropping passengers off at the Market - why hasn't the City done something like this long ago and set up zones in the core of downtown. At the beginning of the year she decided to try and work with the Market and put an ad in their publication in hopes of bringing the people up to her business. It didn't help. What we are competing for is time, and if everyone is down at the Market more than likely they will not come up into the core. What everyone needs to look at is where we are losing business. Most will say winter but they still keep the doors open anyway since they love the community and believe in the viability of downtown. It will not be viable if people have to close. Ms. Hayenga asked if Ms. Louise was saying, basically, if a landlord only had charged for rent from May-September, then she would have a thriving business. Ms. Louise said yes, then went on to say in reality it would be 18 days since that is the number of Sundays the Market is held. It scares her to think with the numbers Mr. Webb quoted in his article, 12,000-15,000 people spending \$7 Million on Sundays and then say 700,000 people attend Saturday. Does anyone know what the economic impact that is on the downtown businesses that are paying rent 365 a year? She then went on to say she isn't sure if the vendors are paying taxes, and wondered if any of them know how much inventory tax is.

8. Guy MaClure from Boreal Traditions – He had 3 locations; Northern Legacy in the Hilton lobby, Boreal Traditions in the Captain Cook Hotel, and Arctic Heritage in the Marriott. Negative impact of the Market led him to decide to not renew the lease for his business in the Hilton, but they gave him a deal he couldn't pass up. This hasn't helped, and he will be closing one of his stores. It's almost impossible to keep staff on weekends, one of his main-stay employees has given notice, she will not work weekends next summer.
9. Matt Hayes from Alaska Ivory Exchange – Pr. Hayes provided photos to the Board members of some of the vacancies in the downtown area. He feels we have a problem when someone asks him how long he's been in business and he says 8 summers since that is where he does the most business. It's getting so frustrating, and he urges the Board to come down and spend a Saturday or Sunday at his shop, come Friday and see the difference. They need some help. Last year when he spoke he was hissed at and appreciates a more civil crowd this year. He remembers a lady from last year saying she needs the opportunity since she can't get a booth on Saturday and Sunday is when she can get in. The next day on TV a vender stated what a sweet deal adding the extra day is because they can set up Saturday and not take down until Sunday evening. He feels some of the things stated last year were not true. Business owners need help.
10. Darrel Hess from Fairview Community Council – Mr. Hess was speaking as a 40 year resident and President of the Fairview Community Council, to express his neighborhood's desire to continue the Sunday Market. He doesn't feel the Market is hurting downtown, but rather Princess Cruise Line. At one time the cruise line allowed the 1-3 days in Anchorage, now it is 45 minutes to an hour. He works for a major retailer, and works with souvenirs. They have had double digit growth in the last 10

years with the exception of the 2002 season, which followed September 11. This year they are down, as is every major retailer. He feels if the assembly and merchants work with the cruise lines to encourage spending more time in Anchorage this would benefit all. He went on to say he comes downtown every weekend because he likes the atmosphere and spends most of his money in the businesses and not at the Market. At one time he hated coming downtown on Sundays because it was a ghost town and most places were closed. He feels the Sunday Market brings people to the area and it's the Cruise lines hurting the business.

11. Bill Webb from Web's Consulting – He is here to report on the Sunday Market. 70% of the vendors stayed over for both days, and the rest of the booths were filled with new vendors. He estimates 12,000-15,000 visitors a day come through the market; on average, about 7.5 buses come to the market on Sundays, which is up from the test period; the bus count is still growing. Mr. Webb stated the buses would not have been in downtown Anchorage if his company hadn't made the effort to go out and get them. They talked with all the bus companies' management to let them know what they were trying to do to encourage the buses to come downtown. Only one company changed their approval and once that happened they ceased doing it. Everything he said he was going to do was in the proposal submitted, so there should be no surprises to anyone in the practices used. He uses a Municipality lot which is hardly used on the weekend, and was a no-revenue for ACDA; they turned it into an \$80,000 increase. The Market has also caused thousands of people to use the lots surrounding the Market which is another revenue gain. The \$7 Million reported in his article came from the Northern Economic Report; the one item left out of his article was the part stating downtown merchants should see \$5 Million. He encouraged everyone to read the report, because he has found it a useful tool, and has more faith in it than when it first came out. According to the report 70% of the people downtown are there because of the advertising, and of those who attend the market over 50% go up into the downtown core and spend money. Each of us draw the people on their own so no one is stealing the other's customers, we end up sharing them. He went on to say the buses are staying an average of 3 hours after drop off, which is ample opportunity to visit both the market and the core. With the creation of the Sunday Market approximately 30 full time jobs were created. He feels the Market was very successful. Mr. Webb gave a copy of his notes to the Board.
12. Cathy Jackson from Grizzly's Gifts – Ms. Jackson has been the General Manager of Grizzly's gifts for 18 years. She reported Grizzly's Sunday sales decreased by 30%. This negative impact has affected their hiring, purchasing and hours of operation. These cut backs are bad for the business and they are considering reducing hours of operations and possibly closing for part of the winter. This will have a direct impact on jobs, taxes and the vitality of the core of downtown. In order to stay in business year round a majority of their revenue must be made in the summer tourist season. Saturday and Sunday have been the best revenue producing days for 17 years. Now with buses parking in front of the Market and being subsidized by the Market, their sales have plummeted. They cannot afford the Sunday Market to remain open. She also wanted to respond to Mr. Webb's opinion letter when he said 80% of weekend downtown visitors said they

went to downtown because of the Market. Her sales are so much better Monday through Friday.

13. Todd Salat from Todd Salat Shots – He is a Market vendor, he and his wife have been in business for 9 years, and the Market is an integral part of making a living. He enjoyed the Sunday, liked not having to take the tent down after Saturday, also if it was rainy all day Saturday it was nice to be able to come back on Sunday and have another day at it. Financially with the Sunday Market they were up about 30%, but they were doing 2 days and not 1, he is happy with that. He feels bad that it takes away from the downtown stores which could cause animosity because he wholesales to them. The point he wanted to make was it is about the life style, and following a dream. The Market is where he got started in 1994. The Market is a good avenue for other artist to be able to follow their dream. The Sunday Market is a good way for more artists to be able to get a start. Ms. Lazur asked why after 9 years is he still at the Market and not in his own store since he has established a following and to make room for new artist at the market. Mr. Salat stated his dream doesn't include a store with a day to day job because he wants the freedom to go out to take photographs. Ms Hayenga asked hypothetically if someone in the private sector rented a warehouse and created an opportunity for local artists to have a space on a year round basis to display their art, would he be interested in that. Mr. Salat said he would seriously consider it because it sounds like nice potential to have the consistency throughout the year to be able to say "yes, we have a gallery, go visit this shop," but he would hate to leave the market because of the environment. Mr. Coffey asked if Mr. Salat had a location to do his developing. Mr. Salat said he works out of his home; his business works at the Market and during Christmas out at the Diamond Center and a couple of the Fairs around the state. Mr. Coffey asked what is the location cost in percentage to his gross. Mr. Salat stated it was in the 12% - 15 % range.
14. Robert Olson from Visions of Nature Gallery at the Captain Cook – He is a photographer who used to work the Market so can see the issue from both sides. About 6 years ago he made the jump to a full time business, and pays considerable rent and, like everyone said before, doesn't make money in the winter. He likes the Saturday Market but hates the Sunday Market. His numbers are down at least 50% on Sundays from last year.
15. Robert Gottstein from 4th Avenue Theatre – He passed out a letter to the Board and read it to everyone. The letter was against the Market.
16. Melvin Stern from E Street Ice Cream – He read a letter previously sent to the board. He is in favor of the Market concept but feels there are a few items needing to be addressed before a vote is taken. Ms. Hayenga asked how many months of the year Mr. Stern is opened. He stated 4. Ms. Hayenga asked if he would consider being open all year long. He stated no, because the only people he sees walk downtown in the winter are the homeless and himself, since he lives downtown.
17. David Green from David Green – He wants the Sunday Market to come to an end. His family built their store so as to invest in the downtown and to be where the action is. This is not the case on the weekends. He feels the \$80,000 the city is getting for the

rental of the lot is too low for prime real estate in Anchorage. He feels the tourists are not reaping the benefits of Anchorage since all some of them see is the Market, with the short time they are in the area. Before the Sunday Market, tourists would spend their short time in Anchorage up in the core of downtown. He feels the competition between the businesses and the Market is unfair because the city subsidizes the Market.

18. Mark Glover from St Pierre Galleries – He opened 4 years ago; prior to that he did 2 years of market research for the downtown. The main reason he opened his store where he did was because of the Balto Statue located outside. He sat on the street corner and counted how many people came down to take their picture at that statue, 1000 a day in the summer. Once Sunday Market opened he continued to do the count, less than 50 people came by for pictures. He would like to see the Market go back to what it was originally planned to be rather than something to compete with the downtown businesses. He went on to state that the Mayor's goal of making Anchorage a winter City would be hard to do if businesses are closed down, conventions will not want to come if the infrastructure is not there to support it. If the Market continues to take away from the businesses, the downtown will become more quiet then what it already is in the winter.
19. Philly Hoshko from Anchorage Market and Festival – She is a 3rd generation Alaskan and works for Mr. Webb. She is the one who is ultimately responsible for getting all the buses to drop off at the Market. When she first started out to get the buses to come and drop people off, she had no idea how to accomplish it. She started out by just talking to the companies, and not just the big companies, she went after what is called the Gypsy buses, buses driving up the Alcan. To do this she sent out press releases and information. These buses don't have scheduled stops unless they know there is something worth stopping for. Some of these buses go straight from Seward to Fairbanks unless they know there is something specific to do in Anchorage. She went on to state she is also leaving Anchorage because of the lack of activity in downtown Anchorage even though there is a lot of potential. She recommends the Market stay to help the downtown area. Ms. Zito-Brause recommended Ms. Hoshko sit down with the Downtown Partnership to pass on some of her ideas.
20. Greg Stubbs from Webb's Consulting – He is a new employee with Webb Consulting. There are over 700,000 people coming downtown and we need to work together and capitalize on all the people coming in. We need to keep everyone coming downtown.
21. Dory Stucky from AK Pen Store – 22 years ago she opened her store. She has good neighbors and there has never been a problem between any of them. They used to meet when they were all smaller, now they all are tied into leases, incredible insurance rates (accidental, fire, & theft), inventory tax, withholding for employees, and every year the overhead escalates. She has managed for 22 years but you can't make it without customers no matter how hard you work. She is down to 1 employee, herself. She pleads to the Board to come downtown on the weekend, she has asked the Mayor's office, assembly, and so far she hasn't seen any of them. They all run legitimate, honest, hardworking businesses. She asks the Sunday market to be discontinued. She went on to say the City is underwriting a private entity. The Market is one business just like hers. If

the Market continues like it is, there needs to be rules set out like other businesses. They all should have a business license, carry liability insurance, and pay employees etc. She feels the city has a responsibility to the government to do that. Please discontinue Sunday Market.

22. Jason Soule, Manager from Polar Bear Gifts & Gold Rush Gifts – He asked the Board to discontinue the Sunday Market, which will help out downtown businesses. He feels Saturday Market is a plus but Sunday is killing them and others. Mr. Soule is interested in starting a business but doesn't know which way to go, whether to start in an incubator space like the Market or enter into a lease.
23. William Lidster from Style of Russia and a Touch of Russia – Mr. Lidster also is a vendor at the Saturday and Sunday Market. He is a strong advocate of getting exposure for his business in and out of Anchorage which could benefit his business. He feels the main factor affecting businesses this year is a poor tourist season which he has noticed because he has a business in Ketchikan which receives over 800,000 tourists a year. The number of visitors may be on the rise but they are buying less than they have in previous years. He does not feel the Market is the cause of the lack of sales made by businesses. He is in favor of keeping the Market as is.
24. Joanne Hinton from Two Fish Gallery – She is a vendor at the Market. She has 12 employees, some who depend on a summer to pay for college. All her employees are required to park in the 5th Avenue Parking Garage, they do not take up downtown street parking and Mr. Webb reminds everyone in the newsletter to not take up downtown street parking. She is an artist who cannot afford a downtown business and she sees the Market as a stepping stone and hopes to have a downtown business one day. She is currently learning the retail business and can't afford to consign at 50% to downtown galleries. Sunday Market has increased the business total sales by 25%, which has covered employees and rent. She knows without a doubt she would be out of business if she had only her Saturday sales to rely on. This year Saturdays were not as strong as last year. She let everyone know she does pay taxes and reports her inventory, is a true employer, has an EIN number, and pays unemployment taxes. It is not a hobby, it is her life. She asks for the Sunday Market to continue.
25. Joe Nangle from Arctic Gifts – He is a vendor at the Market and up on the corner at 4th Avenue & E Street. He has been a street vendor for 14 years. He went on to say Jay Green is his role model and he is impressed with how he runs his business. Mr. Nangle has a business license and his federal tax ID number. He employs 6 fulltime and 8 part time employees. The reason he doesn't have a store is because he has been beaten out by other business owners in receiving a lease. He feels the downtown area is a monopoly of a very few businessmen and they control most of the property in the downtown area. He would really love to get a business downtown but has yet to succeed. He is in support of keeping both Markets as they currently are.
26. Robert Merry from B. Merry Studio – Mr. Merry has been in the art retail since 1990 and had a store on D Street. In 2000 he lost his lease and decided to become a wholesaler for

27 stores in Alaska. His overall sales are up 25%, but not in Anchorage. Anchorage has almost died for his business. It has been going down in the volume of people coming here to Anchorage. It's not the Market that is the problem. We need to get together with the tour companies to get visitors downtown.

27. Erin O'Connell from Two Fish Gallery – She is an employee of the Two Fish Gallery. She depends on the wages from the Market for College. She said according to the Alaska State Chamber of Commerce, the tourist industry is the 2nd leading private sector employer, and the fastest growing industry. She feels there has to be some consensus for everyone so everyone has their fair share. She is in support of keeping the Market.
28. Cheryl Nangle from Arctic Promotions – She has a brick and mortar business in downtown, has been a resident for over 30 years, pays taxes and is in favor of the Market. She makes donations, thinks the Market is a vital part to downtown Anchorage. She pays more than \$.50 a sq foot rent. She buys baskets for downtown and does everything to support this town. The Saturday/Sunday Markets enhance the value of this town. Businesses increase downtown, and Mr. Webb, who has brought \$7 - \$9 Million to downtown, should get applause and a pat on his back and people should not be complaining. If the traffic is leaving Anchorage the people should not be condemning Saturday and Sunday Market for bringing people downtown who never come downtown otherwise. They should work with the people, work together, it's a team play. We want to make Anchorage grow, Anchorage tourism is dying, it's going everywhere else in the state, you want to bring it here. How do you bring it here? We need to work together as a team and not condemn the Market and not condemn the vendors. If spaces are available downtown on 4th Avenue for rent and the rent is too high as a property owner and a person who has rentals what you do is reduce your rent, then you have people renting your space. The law of supply and demand is what works, but the owners of the property do not work that way. They have a whole list saying if you rent this space you can't sell this or that, in other words you can only sell what I don't sell, and you cannot compete with me. Is that fair? So these guys go out to the market and become a vendor. The store owners who are complaining about the vendor who has 10 booths at the market, if you look you won't find any of his goods sold in the downtown stores, they are all custom goods. Vendors contend with weather and there is nothing stopping store owners from going down to the Market to sell their goods.
29. Dan Loring from AK Ventures – Mr. Loring is a resident of Anchorage. He is in support of the continuation of the Sunday Market. He feels safe going to the Market and it is good quality time for his family. He thinks this should be very important to the City if we want to become a world class City. The only reason he would think of even moving to downtown is because of the Market. He feels Town Square is a beautiful place but a bit on the dangerous side, which is not talked about openly.
30. Becky Braunstein from Ship Creek Center – She represents the over 30 merchants and crafts people at the Ship Creek center. She has worked at the Market and spent time talking to vendors in an attempt to get them to come and open up in the mall. A lot of people have told her they don't want to be downtown because it is dead; they would

rather do shows. She likes the Saturday Market but hates the Sunday Market. She has noticed a lot of items sold at the Market are not Alaskan Made products. She feels for the good of Anchorage we should look towards something which will be here all year round and sell made in Alaska. She doesn't see anything going on down there which can't or isn't also done in the malls around town. She is against the Sunday Market.

Ms Zito-Brause thanked everyone for coming and adjourned the meeting at 6:30 p.m.

Respectfully submitted by:

JoAnne Zito-Brause, Chairperson