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Public Market Portland, Oregon, July 30th, 1930.

Public Market Co. of Portland,
Portland,
Oregon.

Gentlemen:

Responsive to your request, we have made a thorough and careful study of your proposed Front Street Market project, with particular reference to advising you what will be the actual cost to your Company for space which you have reserved in the new Market Building for Farmers' Stalls, and for which you have agreed to pay the City of Portland an annual revenue of \$12,000.00:

I. Market Building:

The market building will have approximate dimensions as follows:

588	feet	on	Front	Street,	
164	"	"	Salmon	Street,	
144	"	"	the	north	line,
588	"	"	"	east	line.

Its ground floor area over all will contain approximately 90,550 square feet.

The total ground floor rentable area, after deducting space devoted to Front Street arcade, aisles, loading platform, elevators and other service spaces, will aggregate 58,000 sq. ft.

II. Commercial Space:

There will be about 48,750 sq. ft. of rentable area available for commercial tenants.

III. Farmers' Stalls:

9,250 sq. ft. will be occupied by Farmers' Stalls. The plan contemplates 319 stalls, as compared with 214 on Yamhill Street. 139 stalls, or 4,050 sq. ft., are located on the west side of the Front Street Arcade, which, in our opinion, is the most valuable space in the building. A battery of 180 stalls, or 5,200 sq. ft., will be located in the center of the building, being a double tier running transversely through the structure from north to south. Proposed daily rental rates range from 35¢ for inside space to \$1.00 for a few corner spaces on the Arcade, but the average is 53¢ per day.

IV. Mezzanine Floor:

There will be a mezzanine balcony around the entire building which will contain an Auditorium, Exhibit spaces, Rest Rooms, Lavatory facilities, office, et.

V. Parking Garage:

The roof of the building will be devoted to automobile parking, facilities being contemplated for 650 cars.

VI. Storage and Refrigeration:

There will be a four story portion 50 x 200 feet at the rear of the building devoted to modern sanitary storage refrigeration, and manufacturing facilities.

VII. Cost of the Project:

The estimated cost of the project is \$1,150,000. composed of the following items:

Land, as appraised by the Portland Realty Board,	\$390,000.
Seawall Assessment,	100,000.
Building,	600,000.
Interest, taxes, etc. during construction,	<u>60,000.</u>
	\$1,150,000.

VIII. Fixed Charges, Market Bilding:

	<u>Per Annum</u>
Taxes (@ .027, the officially designated "adjusted tax rate"),	\$31,050.00
Insurance (.003)	3,450.00
Interest @ 6%,	69,000.00
Sinking fund, to amortize cost of building @ 2% on \$660,000.	<u>13,200.00</u>
	\$ 116,700.00

IX. Cost of Farmers' Stalls:

Farmers' stalls will be constructed of reinforced concrete, faced with glazed tile. Each stall will be equipped with metal pan, drain to sewer connection, water connection for sprinkling, electric utility connection and direct overhead lighting,

Cost estimated at	\$28,550.
Cost of Springless "Toledo" scales of most modern type will be provided between each two stalls, 160 scales @ \$155. each,	24,800.
Cost of Washing Equipment provided in rear of market for cleaning fruit and vegetables,	<u>2,500.</u>
Total cost of stalls, equipped,	\$55,850.

X. Fixed Charges, Farmers' Stalls:

We calculate the useful life of Farmers' Stalls and equipment at 10 years. Annual sinking contribution to pay 6% interest on investment and amortize same over this period is as follows:

$$\$55,850. \times .1359 = \$7,590.$$

XI. Service Afforded Farmers:

In addition to shelter, tile stalls, water, sewerage, direct lighting and electric utility facilities mentioned above, the Market Company will also provide janitor service and garbage disposal for Farmers' Stalls.

Other services and facilities to be provided which will be of great benefit to the City and the Farmers are:

1. General illumination of the building.
2. Heat
3. Rest Rooms and Lavatories for farmers, their families and employees, separate and apart from all other Rest Rooms.
4. Lavatory Supplies.
5. City Market Master's office space including heat, water, light and janitor service therefor. This space will aggregate 900 sq. ft. and at a very conservative estimate should be worth \$1.50 per sq. ft. per annum, or \$1,350. per year.
6. Free use of Auditorium for City Market Master's Educational and Supervisory meetings.
7. Free use of Auditorium for Farmers' Association meetings.
8. Parking Facilities for customers' cars.
9. Cooking schools and contests.

10. Exhibits and displays of Oregon products and manufactures.

11. Extensive Advertising Campaign to be financed by the Market Company.

While recognizing that all of the eleven items enumerated in this paragraph will be of great business producing benefit to the farmers, we have not attempted to place any money values on them, nor have we included any estimate of the cost and maintenance thereof in the financial set up contained hereinafter.

XII. Cost of Operating Farmers' Stalls:

We calculate the cost to the Market Company for providing, equipping and operating Farmers' Stalls as follows:

Payment to City:

Payment to the City per annum in accordance with the proposed contract, \$12,000.

Fixed Charges, Market Building:

The total for the building, as per Paragraph VIII, is \$116,700. per annum.

Dividing this by the total rentable area, 58,000 sq. ft. gives an average of \$2.00 per sq. ft. per annum, hence

9,250 sq. ft., being total of Farmers' Stalls, x \$2.00 per annum, costs pro rata, 18,500.

It will be noted that we have used the average pro-rata rate throughout, although, in our opinion, a higher unit price could very properly be assessed to the space occupied by Farmers' Stalls on the Front Street Arcade, which is the most valuable space in the building.

Fixed Charges, Farmers' Stalls:

Fixed charges on Farmers' Stalls and equipment as per paragraph X amounts to, 7,590.

Direct Services:

We estimate that the money value of the water, light, janitor service and garbage disposal furnished directly to Farmers' Stalls is about 6 2/3 cents per business day or \$20.00 each per annum, for each stall, or

320 stalls @ \$20.00, 6,400.

Total cost per annum, for operating Farmers' Stalls, \$44,490.

This figure represents actual cost at simple interest only, without any profit being added for the Market Company.

XIII. Anticipated Revenue from Farmers' Stalls:

We are advised that during the fiscal year ended June, 1930, there was a total of 80,440 farmers using the Yamhill Street market. Assuming that the market was in operation 300 days during the year, the average number of farmers per day was 268. The excess over 214 stalls was accomplished by "doubling-up". In other words, when one farmer sells produce for one or more of his neighbors, he pays an additional full rental rate based on the number of people he represents.

In the new Front Street Market the City's lease will permit farmers to handle produce for other people on the basis of less than half-rate for each additional representation.

As against the foregoing cost per annum to the Market Company of \$44,490. for the Farmers' Stalls, we now have to estimate the probable anticipated revenue to the Market Company from rentals of Farmers' Stalls, at the above mentioned average rate of 53¢ per day per stall.

In our calculations, we have taken for granted that, while some of the Farmers who are now paying 15¢ per day rent may not be willing to go into the new Market quarters at 53¢ per day average, we believe that because of additional facilities, service, etc., there is a fair prospect that the Market Company will nevertheless be able to rent approximately the same number of stalls in the new building as are now being rented on Yamhill Street.

We therefore take the present Yamhill Street figures as the basis for our estimate, which is as follows:

214 stalls x 300 days, -63,200 days @ 53¢ -	\$33,496.
54 extra x 300 days, -16,200 days @ 20¢ -	<u>3,240.</u>
	\$36,736.

The difference, therefore, between the anticipated revenue of \$36,736. and the estimated cost of the service of \$44,490., or \$7,754. per annum, represents an expense to the Market Company, which must be treated in the same manner as an advertising appropriation, as being one of the features to attract business to the Market.

In the above figure of estimated income, we have made no allowance for vacancy hazard, nor interruption of income due to fire, inclement weather or other similar causes, nor has any account been taken of anticipated repairs and restorations because we are considering the figures as of the current date only, when the building will be new and presumably will require no restorations nor repairs. In the after years, a considerable additional charge of this kind will have to be taken into consideration.

7/30/30

We are of the opinion that the ground floor revenue must defray all fixed charges and maintenance and operating costs, as the parking and storage facilities will doubtless have to be operated at merely self sustaining rates for several years.

Yours very truly,

W. B. Soule
W. B. Soule