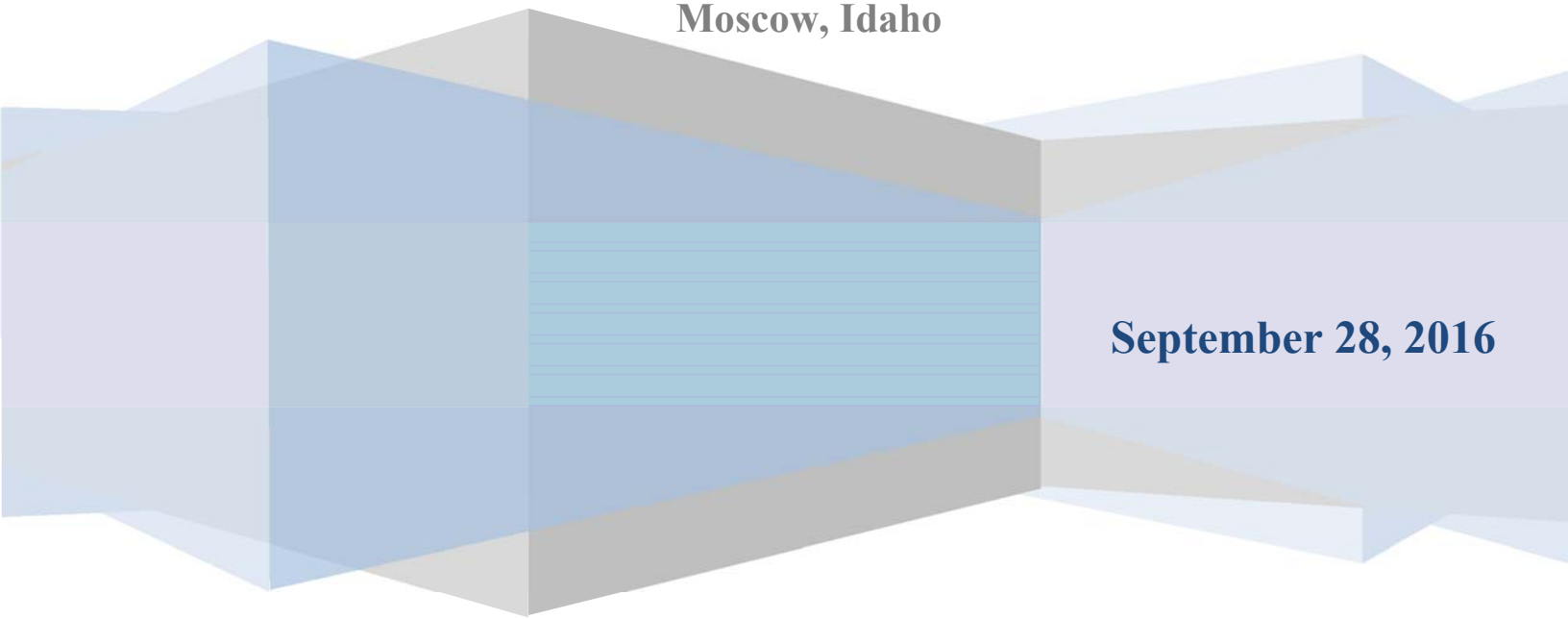
2016 Report on the Economic Impacts of the Moscow Farmers Market

A Collaborate Project from the City of Moscow

Steven Peterson
Research Economist and Clinical Assistant Professor, Economics
College of Business and Economics – University of Idaho
Moscow, Idaho

Stephen Pool
Research Economist
Moscow, Idaho



September 28, 2016

Executive Summary

- **This report is an economic assessment of the Moscow Farmers Market. It was sponsored by the City of Moscow and completed in September 2016. The author of the study is Steven Peterson[1], Research Economist and Clinical Assistance Professor, Economics, College of Business and Economics, University of Idaho and Stephen Pool, Research Economist. The Market's current location is Main Street between 3rd Street and 6th Street, every Saturday, May 1st to October 30th, 8 am to 1 pm, averaging six months or 26 weeks per year (1/2 year).**

Key Conclusions:

- **The Moscow Farmers Market is a vibrant, vital, 39 year old institution founded in 1977.**
- **<u>The Moscow Brand:</u> The Moscow Farmers Market's most important contribution to Moscow and Latah County economy is the contribution to the branding of Moscow as a place to live, shop, dine, raise children, attend college, and work. This was identified in the Community University Strategic Partnership project spearheaded by the Moscow Chamber of Commerce in determining a unique branding approach for the community of Moscow.[i] The Moscow Farmers Market:**
  - **Acts as a social glue that helps hold the diverse elements of the downtown community together.**
  - **Works as a key partner with the local foods movement, and is an important component of the Moscow brand as identified in the CUSP branding projects for not only Moscow but Latah County producers as well.**
  - **Helps vendors sell approximately $300,000 annually of local agricultural products from Latah County.**
  - **Partners with Moscow's annual Artwalk, Renaissance Fair, Rendezvous in the Park, and the Moscow artistic community.**
  - **Partners with the Moscow Food CO-OP, which produces $11 million in revenues (2015), employs 145 full-time and part-time employees and annually buys $556,602 of products from 197 local and regional firms.**
- **<u>Incubator for Entrepreneurs:</u> The Moscow Farmers Market functions as a key community incubator for 67 current *Latah County* start-up firms and entrepreneurs:**
  - **11 vegetable, poultry, nursery, dairy, and other plant and animal local firms.**
  - **32 craft, artistic, pottery, and other firms engaging in local production.**
  - **10 eating and drinking establishments.**
  - **14 "value-added" enterprises including wineries, baked goods, honey, and others.**
- **<u>Brick and Mortar/Spinoffs:</u> Approximately 20-25 firms have spun-off from the Moscow Farmers Market incubator and established brick and mortar establishments or permanent production facilities. Examples include:**

[1] This analysis as well as its conclusions is solely those of the authors and do not necessarily represent the views of the University of Idaho or any other individuals or organizations.

    - **Panhandle Bread, Tapped, Cowgirl Chocolates, Sisters Cookies, Humble Burger, Lodge Pole Restaurant, Brush Creek Creamery, Colter's Creek Winery, Patti's Kitchen, and many others.**
- **<u>Beer and Wine Economic Cluster:</u> The Market has been a key "ingredient" in the emerging regional craft beer and winery regional economic cluster now counting over fifteen regionally produced wines and craft beers.**
    - **The Market has been a partner in developing a craft beer district in Moscow that now includes Moscow Brewing Company, Rants and Raves Brewery, and Hunga Dunga Brewery. In addition, there are several Moscow restaurants and bars that specialized in serving local and regional craft beers.**
- **<u>Rapid Market Growth:</u> 164,892 estimated annual visitors to the Market in 2013, up from 84,084 in 2003; a 96% cumulative increase and a 7.0% average annual growth rate. Market visitors and shoppers are:**
    - **4.4 times the population of Latah County (37,244) in 2015 or 6.7 times the population of Moscow (25,060).**
    - **Approximately 35% out-of-town visitors (57,712) bringing new money to the Moscow economy.**
    - **Approximately 89,232 people (64%) who visit the Market before 11 am, creating a wave of shoppers every Market Saturday at the start of the business day for Moscow firms.**
    - **By 2016 the Market visitors may reach 176,380, employing the historic 7% average annual growth rate.**
- **<u>Annual Market Vendor Sales Exceed $ 1 Million:</u> Estimated Farmers Market *reported* vendor sales[ii] were $1,177,391 in 2015 (Figure A):**
    - **49% Agricultural (plant) products ($594,738)**
    - **27% Prepared food ($329,888)**
    - **16% Craft ($195,850)**
    - **5% Value Added ($67,878)**
    - **3% Agriculture (Poultry Livestock) ($33,604)**
- **<u>Annual Visitor Spending: Ranges from $4.1 Million (Low) to $8.2 Million (High) Depending on the Assumed Survey Methodology</u>**
    - **There have been at least four recent surveys of Farmers Market visitor spending (2003, 2009, 2011, and 2013). They report substantial Market spending, averaging $6.5 million annually after adjusting for inflation, visitor estimates, and survey methodology.**
    - **The most recent 2013 survey results (the basis for this analysis):**
        - **Total visitor spending inside[iii] the Market: $2.5 million (low) to $5.0 million (high)**
        - **Total visitor spending outside the Market in local downtown firms: $1.6 million (low) to $3.2 million (high)**
- **<u>Annual Economic Impacts of the Market Including Multiplier Effects (Figure B):</u> [iv]**
    - **Range - $3.94 million to $5.46 million (in output)**
    - **Range - 94 local jobs to 128 jobs**
        - **Vendor Expenditures - 15 jobs**

        - **Brick and Mortar/Spinoffs - 54 jobs**
        - **Net additional visitor Market spending (range) - 12 jobs to 33 jobs**
        - **Additional downtown visitor spending (range) - 13 jobs to 26 jobs**
- **Annual State and Local Tax Contributions of the Market Range from $288,029 to $405,035 Per Year:[v]**
    - **Local Property Taxes Range - $92,865 to $131,692**
    - **State Sales, Excise, and Income Taxes Range - $195,164 to $273,343**
- **The Moscow Farmers Market is Reaching Financial Sustainability**
    - **Property taxes annually generated by the Market's economic impacts range from $92,865 (low) to $131,692 (high).**
    - **Direct operating Market deficit has decreased from $27,041 in 2013 to $4,193 (2015).**
    - **Total Market deficit (including indirect city service expenses) has declined from $36,946 (2013) to $17,955 (2015).**
    - **The Market may be self-sustaining within 3 years (not including the economic impacts). Factoring in the economic impacts the Market is already self-sustaining and producing positive net property tax revenues.**
- **Downtown is an Important Strength to Moscow's Economy**
    - **Downtown Moscow has been compared to a great tidal basin: Each day the tide of workers and students flow outward to their jobs and studies and each night they flow back with nutrients (i.e. income) to the downtown economy.**
    - **Downtown is centrally located near the University of Idaho campus and near the major residential district of town. Downtown storefronts have few vacancies.**
    - **There are at least 344 firms in downtown with an approximate 3,691 workers. Downtown Moscow's economic clusters:**
        - **Health care – 753 jobs**
        - **Eating and drinking – 632 jobs**
        - **Retail – 586 jobs**
        - **Other – 387**
        - **Government – 385 jobs**
        - **Finance/insurance/real estate –291 jobs**
        - **Engineering and technology services – 233 jobs**
        - **Manufacturing/Craft Industries – 243 workers**
        - **Professional services – 140 jobs**
        - **Private Education – 41 jobs**
- **The Moscow Farmers Market has received substantial community support, encouragement, and assistance from the City of Moscow. Ongoing successful community enterprises such as the Market need to be monitored and supported on a continuous basis. The University of Idaho's Lionel Hampton Jazz Festival may serve as a warning of the consequences of inadequate attention or benign neglect to a successful community enterprise. The jazz festival was begun in the late 1960s and by 2002 it boasted 18,000 visiting K-12 students every February and 16,000 concert attendees, supporting 125 local jobs including the multiplier effects. By 2014 it attendees had dropped to 3,800 students with only 7,257 in concert attendance, a sharp decline that may threaten its future.**

Community support and encouragement is vital for community enterprises to grow and prosper.

Figure A: 2015 Market Vendor Sales of $1,177,391

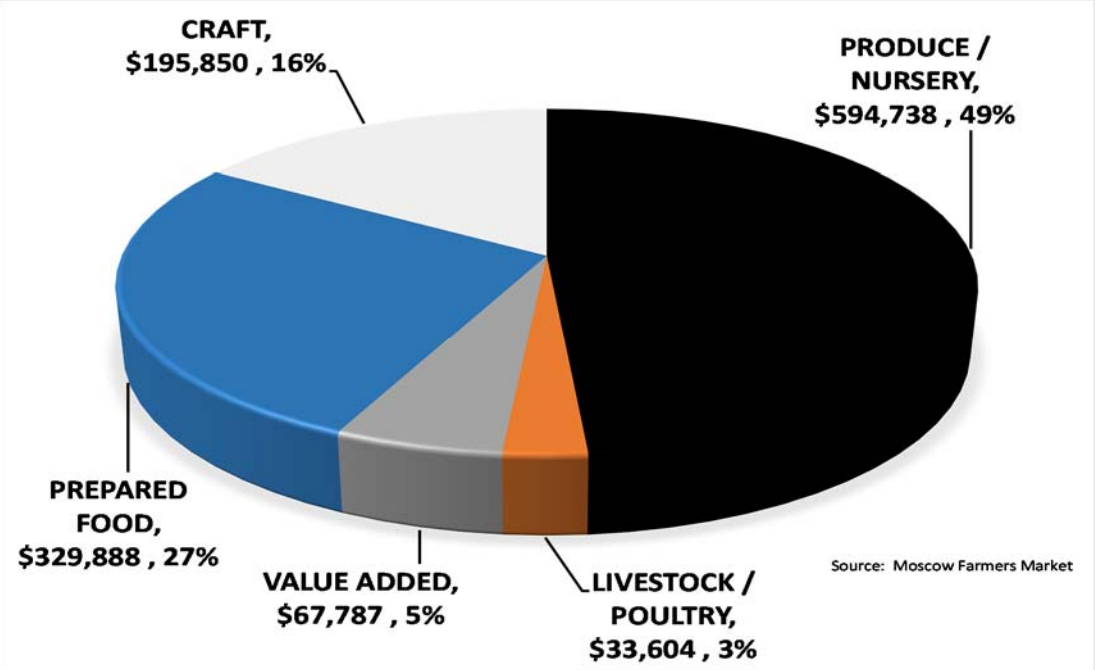


Figure B

Economic Impacts of Moscow Farmers Market (Low Estimate)
Includes the Direct, Indirect, and Induced Impacts

Category	Jobs	Wages/Salaries	Output
Vendor Expenditures	15	$ 266,434	$ 557,787
Brick and Mortar/Spinoffs	54	$ 944,643	$ 2,278,578
Visitor Spending Market (Net)	12	$ 221,977	$ 518,194
Visitor Spending Downtown	13	$ 251,538	$ 585,701
Total	94	$ 1,684,591	$ 3,940,260

Economic Impacts of Moscow Farmers Market (High Estimate)
Includes the Direct, Indirect, and Induced Impacts

Category	Jobs	Wages/Salaries	Output
Vendor Expenditures	15	$ 266,434	$ 557,787
Brick and Mortar/Spinoffs	54	$ 944,643	$ 2,278,578
Visitor Spending Market (Net)	33	$ 624,164	$ 1,454,681
Visitor Spending Downtown	26	$ 503,075	$ 1,171,401
Total	128	$ 2,338,316	$ 5,462,447

Tax Impacts	Local	State	Total
Low Scenario	$92,865	$195,164	$288,029
High Scenario	$131,692	$273,343	$405,035

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2016 Report on the Economic Impacts of the Moscow Farmers Market

Purpose of Study

This report is an economic assessment of the Moscow Farmers Market. It was sponsored by the City of Moscow and completed in September, 2016. The authors of the study were Steven Peterson, Research Economist and Clinical Assistance Professor, Economics, College of Business and Economics, University of Idaho, and Stephen Pool, Research Economist.[vi]

The report includes an analysis of the Farmers Market, a brief look at local foods production, and an examination of the downtown economic corridor.

Farmers Market Role in the Branding of Moscow

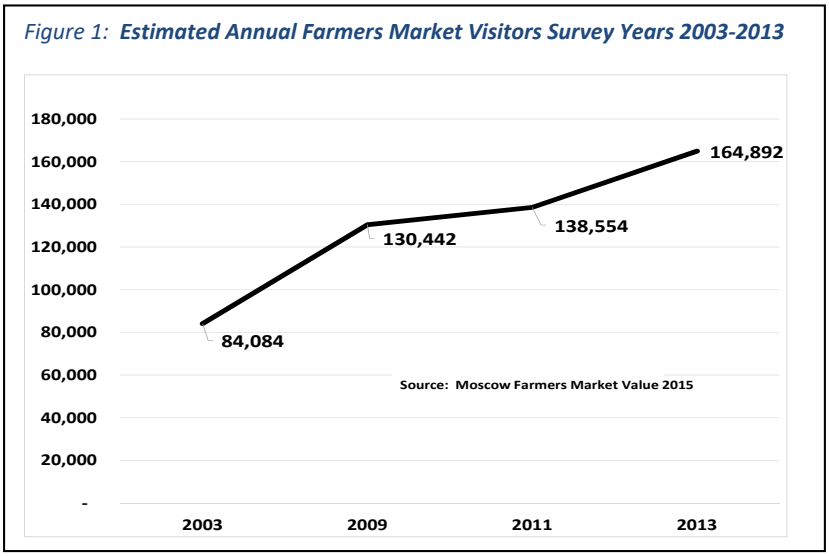
The focus of this study includes the role of the Market in the brand definition of Moscow, its role in attracting new visitors and shoppers to Moscow, making Moscow a more desirable place to live and work, retention and attraction of world-class university employees, encouraging and facilitating entrepreneurship and new business creation, and its role as a social glue that holds downtown Moscow together.

Overview of the Farmers Market

Market Description

The Moscow Farmers Market is a vital Moscow institution which is 39 years old and was founded in 1977. The Market is hosted on Main Street between 3rd Street and 6th Street, every Saturday between May 1st and October 30th, 8 am to 1pm, averaging 26 weeks per year. Visitors to the Market were estimated to be 164,892 during 2013, up from 84,084 in 2003. This cumulative increase of 96% is 4.4 times the population of Latah County (37,244) in 2003 or 6.7 times the population of Moscow (25,060) (Figure 1). It's important to note the Market moved from the Jackson Street lot parking lot 2012 to Main Street in 2012.

Figure 1: ***Estimated Annual Farmers Market Visitors Survey Years 2003-2013***



The Moscow Farmers Market has an advisory commission with 7 active members and one vacancy. The current members are: Erin Caroll (chair), Berto Cerillo (vice chair), Linda Heath, Marci Miller, Joann Muneta, David Pierce, Jeremy Ritter, Gina Taruscio, and Cinda Williams. The Market region represents a 200 mile radius around Moscow (Figure 2), up from a 100 mile limit in 2014.[vii]

Market Ranked Number One in Idaho

The Farmland Trust ranked the Moscow Farmers Market as the number one Market in Idaho for the fifth year in a row and rated it as one of the top twenty-five Markets in the U.S. The Market was ranked on five categories: People's Choice (Rank 13), Focus on Farmers (Rank 15), Healthy Food for All (Rank 13), Pillar of the Community (Rank 12), and Champion for the Environment (Rank 15).[viii]

Figure 2: Market Geographic Region

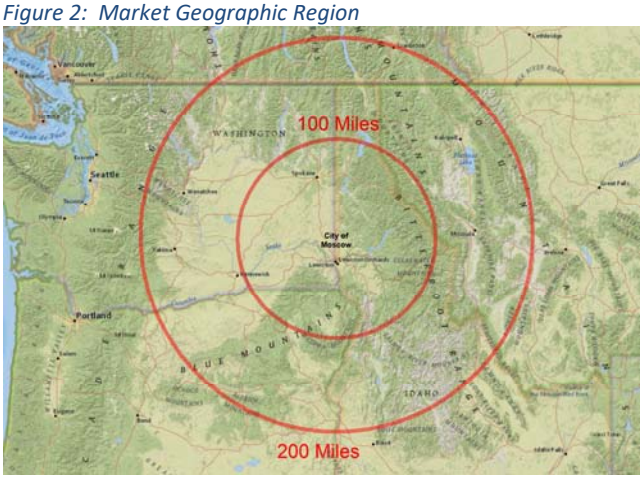


Figure 3: Daily and Annual Estimated Visitors Moscow Farmers Market by Survey

Time	8:00 a.m. – 9:00 a.m.	9:00 a.m. – 10:00 a.m.	10:00 a.m. 11:00 a.m.	11:00 a.m. 12:00 p.m.	12:00 p.m. 1:00 p.m.	Daily	Annually
2003 RMA	624	936	888	786	-	3,234	84,084
2009 RMA	869	1,379	1,685	1,084	-	5,017	130,442
2011 RMA	806	1,252	1,484	1,267	520	5,329	138,554
2013 SEED	730	1,362	1,713	1,679	858	6,342	164,892
Average	757	1,232	1,443	1,204	689	5,325	138,450
% Daily	14%	23%	27%	23%	13%	100%	-
Annually	19,689	32,039	37,505	31,304	17,914	-	138,450

Source: Farmers Market Value 2015

Market Visitors

The Moscow Farmers Market averages 6,342 visitors every Saturday (based on the 2013 Sticky Economy Evaluation Device - SEED survey) and averages 5,325 visitors across all recent

Market surveys.[ix] Approximately 14% of all visitors attend the Market 8 am to 9 am; 23% between 9 am to 10 am, 27% between 10 am to 11 am, 23% between 11 am to 12 pm, and 13% between 12 pm and 1pm. Approximately 64% of the customers visit the Market before 11 am, when most of the retail businesses to Moscow are just opening their doors, supplying a "wave" of potential customers available to all businesses in Moscow. The Market attracts a cumulative of 89,232 visitors annually to downtown Moscow at the start of the "shopping day" on Market day Saturdays (Figure 3).

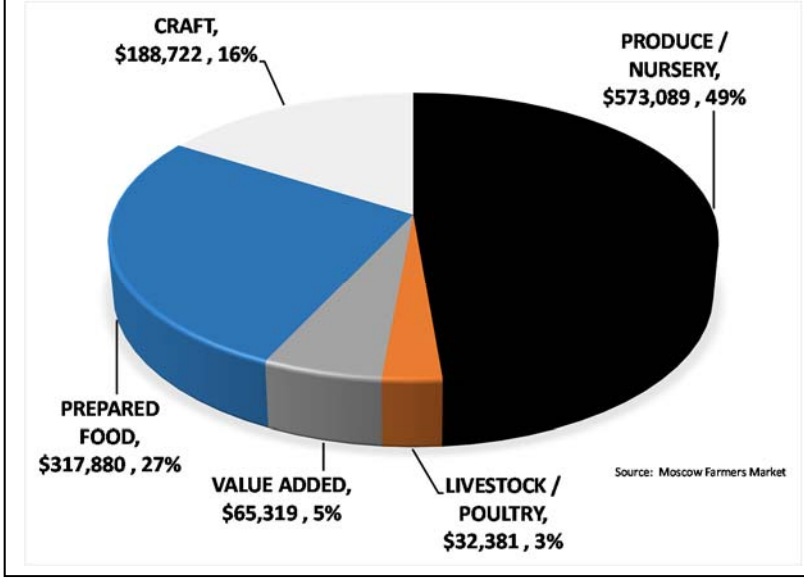
Figure 3 reports the estimate customer counts by hour and by Market survey year (which is discussed in the methodology section of this report). The "Average" row represents an average across all survey years. The annual totals are calculated by multiplying the survey by the 26 weeks of the Market year.

The SEED survey estimated that 48% of the Market customers were Moscow residents, 5% Latah County residents, 19% residents of Whitman County, and 11% out-of-area customers. Thus 69% of total customers were from Latah County and 31% were nonresident customers. An informal survey of vendors in May, 2016 found that approximately 35% of Market revenues were from nonresident customers.[x] Nonresident revenues represents new monies to the Latah County economy.

Market Vendors

The Farmers Market has approximately 56 permanent (i.e. season) vendors on any given week and over 70 potential walk-on vendors, for a total of 126 total vendor population. In 2015, the vendors reported $1,177,391 sales (the first full year of the requirement that vendors report total sales). Approximately 49% of all sales were produce and nursery ($573,089), prepared food 27% ($317,880), Craft 16% ($188,722) value-added 5% ($65,319), and Livestock/poultry 3% ($32,381) (Figure 4).

Figure 4: 2015 Market Vendor Sales of $1,177,391



Of the total number of vendors, about 44% are permanent or season vendors and 56% are walk-ons or temporary vendors. Of the total number of vendor, 46% are craft vendors (58), Produce/nursery 24% (30), 17% value added (22), prepared food 10% (13), and livestock/poultry 3% (4).[xi] These can be seen in Figure 5.

Figure 5: Total Vendor Count and Walk-Ons

	Total All Regions				Latah County	
Product	Season	Walk-Ons	Total	%	Total	%
Craft	17	41	58	46%	32	55%
Livestock	3	1	4	3%	2	50%
Prepared Food	6	7	13	10%	10	77%
Produce/Nursery	22	8	30	24%	9	30%
Value-Added	8	14	22	17%	14	64%
Total	56	71	127	100%	67	53%

Market Fees and Revenues

Figure 6 outlines the fee schedule for the Farmers Market. The Market collected $45,487 in 2015, of which $22,138 were collected from 55 Season Vendors and $23,350 from 74 walk-On vendors. The fees are collected for vendors, truck spaces, children's spaces, performing artists, electrical hook-ups, and other services (Figure 6).

Figure 6: Market Space Vendor Fees

APPENDIX 2 MARKET SPACE FEES

SPACE / LOCATION	PRICE PER DAY	PRICE PER SEASON	
REGULAR MARKET VENDOR SPACES			
SEASON VENDOR		$294.00	11' x 15' TABLE/TENT
ANNUAL MANAGE MY MARKET REGISTRATION FEE		$15.00	
SURCHARGES			
ELECTRICAL HOOKUP	$6.00	$139.00	PER UNIT / OUTLET
TRUCK PARKING	$11.00	$260.00	
CORNER SPACES		PER SEASON FEE AS STATED ABOVE PLUS $105	

FOR WALK-ON MARKET VENDORS, CHILD MARKET VENDORS

	DAY FEES	WITH TRUCK SPACE
ANNUAL MANAGE MY MARKET REGISTRATION FEE CHILD VENDORS ARE EXEMPT FROM MANAGE MY MARKET REGISTRATION AND FEE	$15.00	
WALK-ON FEE (11' x 15')	$32.00	ADDITIONAL $ 32.00 PER DAY
HALF SPACE	$19.00	
TABLE SPACE (3' x 3')	$13.00	
CHILD VENDOR (5' x 5')	$ 6.00	
PERFORMANCE ART MAXIMUM LIMIT 4 PER MARKET DAY	$ 7.00	

The Moscow Farmers Market is relatively close to being self-sustaining. Revenues have increased 36% from 2013 ($33,475) to 2015 ($45,487). The City of Moscow's direct subsidy of the Market has decreased from $27,041 in 2013 to $4,194 in 2014. Direct costs include salaries

and direct program expenses. Indirect costs include city services to support the Market including policy, water, street department, etc. The city is still subsidizing indirect costs totaling $13,761 in 2015. Total direct and indirect subsidy totals $17,955. If the Market continues to grow, the subsidy should continue to decline over the next several years, perhaps even turning positive (Figure 7).[xii]

Figure 7: Market 2013-2015 Budget

Market Farmer Summary Budget 2013-2015

	2013	2014	2015
Farmers Market Revenue	**$33,475.00**	**$39,148.10**	**$45,487.25**
MFM Staff Expenses	$44,992.45	$37,707.00	$37,244.00
MFM Program Expenses	$15,524.00	$12,073.01	$12,436.94
Subtotal Revenue over Expenses	($27,041.45)	($10,631.91)	($4,193.69)
MFM **Indirect Cost** to MFM			
Police	$1,814.00	$1,458.12	$1,400.90
Water Department (8 Hours)	$300.00	$200.00	$200.00
Engineering Services (14.5 Hours)	$200.00	$270.00	$270.00
Parks & Recreation Support	$1,634.00	$1,711.00	$1,711.00
Street Department (26 Sweeper Hours & 58 Man Hours)	$5,644.00	$3,954.00	$3,954.00
Fire Department	$312.00	$521.20	$525.00
Contracts (Backyard Harvest & AmeriCorps)	$	$5,700.00	$5,700.00
Total Annual Indirect MFM Cost	$ **$9,904**	$ **$13,814.32**	$ **$13,760.90**
Total City Expenses	**$70,420.45**	**$63,594.33**	**$63,441.84**
Total Revenue over Expenses	($36,945.45)	($24,446.23)	($17,954.59)

Study Approach: Data and Methodology

Available Survey Data

Over the last fifteen years there have been a large variety of surveys and analyses of the Market.[xiii] There have been three Rapid Market Assessments (RMAs), the first by Larry Lev and John Potter (2003), followed by Cinda Williams (University of Idaho Extension, Moscow, Idaho) in 2009 and 2011. In addition to these, the 2012 Moscow Farmers Market Strategic Plan authored was by Arron Zaretsky, Public Market Development, Waterville, NC. There have also been three analyses developed by marketumbrella.org: 1) 2013 Sticky Economy Evaluation Device (SEED), 2) 2013 Neighborhood Exchange Evaluation Device (NEED), and 3) 2014 Food Environment Evaluation Device (FEED), all implemented and authored by Amanda Argona, AmeriCorps Volunteer Coordinator. In all, there were vendor surveys in 2012, 2013, and 2014. Community surveys occurred in 2003, 2009, 2011, 2012, 2013, and 2014. Business surveys occurred in 2012 and 2013.

Across the various analyses, a variety of survey techniques were employed for targeting Market participants and Market decision makers. The survey methods included Market day surveys, online surveys delivered at surveymonkey.com and managemymarket.com, mail surveys, and interviews. The target audience included Market shoppers, vendors, local businesses, and other organizations and decision makers. The number surveyed ranges from 11 to 967, depending on the technique and venue.

Visitor and Market Customer Surveys

The 2003 RMA survey estimated daily attendance at 3,234, average "group" inside spending ($15.80), and average group outside spending ($21.69) for those groups doing additional shopping. The total inside sales for the Market were $25,500.00, outside sales ($19,360), for a grand total of $44,909. Inside spending represents visitor spending inside the Market. Outside spending represents additional downtown spending outside the Market.

The 2009 RMA survey estimated daily attendance at 5,017, average "group" inside spending ($19.05), and average group outside spending was not reported for those groups doing additional shopping. The total sales for the Market were $47,754.

The 2011 RMA survey estimated daily attendance at 5,329, average "group" inside spending ($19.92), and average group outside spending ($13.11) for those groups doing additional shopping. Total inside sales for the Market were $53,067, outside sales ($34,925), for a grand total of $87,992[xiv].

The 2013 SEED survey estimated daily attendance at 6,324. For their analyses, they assumed an average attendance of 5,000, "individual" inside spending ($29.58), and average "individual" outside spending ($18.50), for those individual doing additional shopping. Total inside sales for the Market were $147,900, outside sales $92,481, for a grand total of $240,381.[xv]

These survey results are presented in the first table of Figure 8. Three tables are presented: 1) Original Data and, 2) 2013 Visitors in 2016 Dollars, and 3) 2013 Visitors in 2016 Dollars and adjusted to Per Visitor Spending. For the original table data:

Column 1: The first column reports the year of the survey.
Column 2: The estimated visitor data multiplied by 26 weeks of the Market period.
Column 3: The estimated inside-the-Market "per-party" average spending from the surveys taken in the 2003, 2009, and 2011, and the average *per-person* spending for 2013.
Column 4: The estimated outside-the-Market "per-party" average spending from the surveys taken in the 2003, 2009, and 2011, and the average per-person spending for 2013.
Column 5: Total annual inside spending.
Column 6: Total annual outside spending.
Column 7: Grand total of all Market-related estimated annual spending by visitors to the Market.

In order to compare these surveys adjustments were made to account for three factors: 1) The surveys were made in different years, 2) The annual estimated number of visitors differ, and 3) Some of the survey techniques were different. The estimates of visitor spending are adjusted for inflation, the most recent annual visitor numbers were employed, and the survey techniques were normalized for comparison. Table 2 and Table 3 in Figure 8 reflect these adjustments.

Figure 8

Survey Results of Moscow Farmers Market Analyses

Original Data

Year Study	Estimated Visitors 26 Weeks	AVG Spending Inside	AVG Spending Outside	Total Inside Spending	Total Outside Spending	Grand Total
2003	84,084	$ 15.80	$ 21.69	$ 664,264	$ 503,360	$ 1,167,624
2009	130,442	$ 19.05	$ -	$ 1,242,460	$ -	$ 1,242,460
2011	138,554	$ 19.92	$ 13.11	$ 1,379,998	$ 908,221	$ 2,288,219
2013	130,000	$ 29.58	$ 18.50	$ 3,845,400	$ 2,405,000	$ 6,250,400

2013 Visitors in 2016 Dollars

Year Study	Estimated Visitors 26 Weeks	AVG Spending Inside	AVG Spending Outside	Total Inside Spending	Total Outside Spending	Grand Total
2003	164,892	$ 20.82	$ 28.58	$ 1,716,228	$ 1,295,807	$ 3,012,035
2009	164,892	$ 20.97	$ -	$ 1,728,996	$ -	$ 1,728,996
2011	164,892	$ 21.65	$ 14.25	$ 1,785,132	$ 1,174,854	$ 2,959,986
2013	164,892	$ 30.54	$ 19.10	$ 5,035,200	$ 3,149,128	$ 8,184,328

2013 Visitors in 2016 Dollars Adjusted to Per Visitor Spending

Year Study	Estimated Visitors 26 Weeks	AVG Spending Inside	AVG Spending Outside	Total Inside Spending	Total Outside Spending	Grand Total
2003	164,892	21	29	3,432,456	2,591,613	$ 6,024,069
2009	164,892	21	-	3,457,992	-	$ 3,457,992
2011	164,892	22	14	3,570,264	2,349,707	$ 5,919,971
2013	164,892	31	19	5,035,200	3,149,128	$ 8,184,328

The second table of Figure 8 (2013 Visitors in 2016 Dollars) makes two adjustments to the original table: 1) The 2013 annualized customer counts are employed in the estimates. 2) All spending numbers are adjusted for inflation using the Consumer Price Index.[xvi]

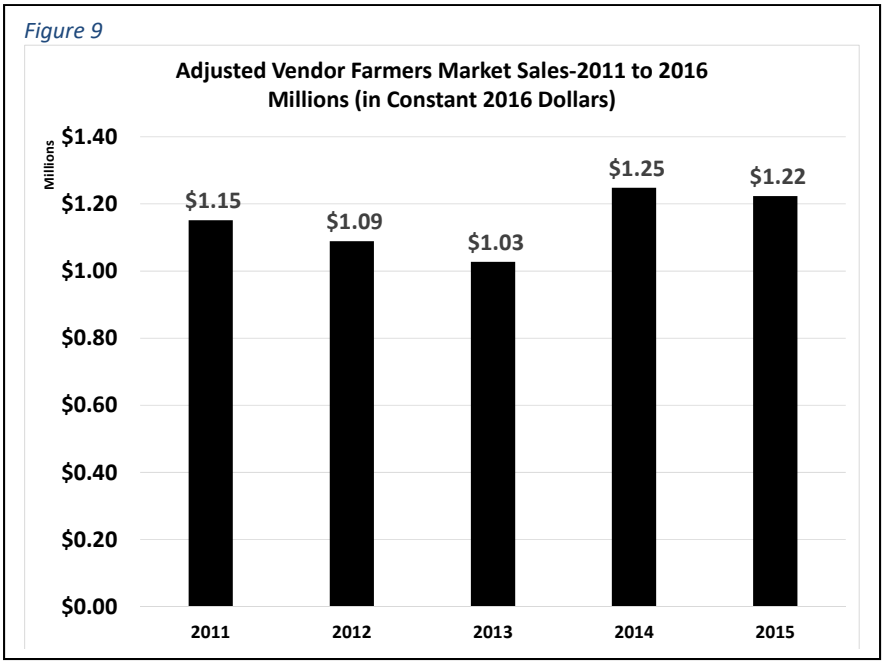
The third table of Figure 8 (2013 Visitors in 2016 Dollars and adjusted to Per Visitor Spending) incorporates all of the adjustments. The results are adjusted for current visitor counts (164,892 annually), for inflation (2016 dollars), and for differences in survey methodology. The 2003 to 2011 surveys were made with assumptions of 2 visitors' per-wallet or per-group. In contrast, the 2013 surveys were based on per visitor (or customer) basis. Table three adjusts all of the surveys to a per-customer value. After these adjustments, the differences between the survey results is substantially reduced. Total annual estimated Market spending was $6.02 million in 2003, $3.5 million in 2009 (outside spending was not reported), $5.9 million in 2011, and $8.1 million in 2013.

Vendor Surveys

In addition to Market customer and vendor surveys, there have been several vendor surveys (2011 to 2015) to estimate visitor Market spending: $462,384 (2011), $303,962 (2012), $563,647 (2013), $1,162,432 (2014), and $1,177,391 (2015). The Market now requires the

vendors to report their sales and vendor reporting has increased from 29% in 2012 to 96% in 2015. Adjusted for the percentage reporting and for inflation, the estimated adjusted vendor sales ranged from $1.15 million in 2011 to $1.22 million in 2015 (Figure 9).[xvii]

Figure 9



Methodology: Economic Model and Defined Geography

An economic impact assessment was conducted on the various components of the Moscow Farmers Market. The focus of this study is the impact of the Market on the Moscow, Idaho and Latah County economies. A Latah County IMPLAN (Impacts-for-PLANning) model was created to measure these impacts.[xviii]

Methodology: Market Customer Spending Patterns and Retail Margins

The 2003 to 2013 RMA/SEED surveys did not fully address the composition of consumer spending. The survey of Market vendors provides insight as to the composition of Market sales and consumer spending. Approximately 52% of total sales are produce, farm products, and meat/poultry. Approximately 27% of reported vendor sales are prepared food, craft (16%), and value-added (6%). In calculating the economic impacts, the customer spending categories/ratios reflected in the vendor surveys were applied to the RMA/SEED survey based spending.

The Market region is a 200 mile radius around Moscow while the defined economic region is Latah County. A considerable portion of Market agricultural products originates outside Latah County as does other value-added products as well. Based on the 2016 vendor survey approximately $300,000 or 50% of the agriculture sales reported by vendors is produced in Latah County and 50% outside the county.[xix] Any product produced outside Latah County, was

"margined" in economic terms and the cost of goods sold is *not* counted in the economic impacts. Most of the craft and value-added products were margined.

Methodology: Organization of Economic Impact Analyses

Four categories of economic impacts were estimated:

1) Market customer spending based on the vendor surveys
2) Brick and mortar and other spinoffs from the Market
3) Market customer spending based on RMA/SEED surveys (spending from the vendor surveys (1 above) is netted out to avoid double-counting
    a. High estimate
    b. Low estimate
4) Market customer spending outside the Market in downtown Moscow.
    a. High estimate
    b. Low estimate

The following discussion expands on these four categories.

1) Estimated customer spending based on vendor surveys is the most conservative measure of Market economic impacts employed in this study. The vendors are now required to report their annual sales to the Market but they are likely to be under reported for several reasons. Not all vendors report their sales and the quality of the record keeping varies greatly by vendor. There is also the implicit privacy concerns by vendors that can lead to under reporting.

    Approximately $300,000 of the reported vendor agriculture sales (50%) are estimated to be produced in Latah County. About $100,000 are included in the vendor category and the remaining $200,000 are reported under the brick and mortar spinoffs category (2 above). The remaining agriculture, craft, and value added products were margined. Total vendor sales for 2015 was $1,177,391.
2) There is a rich interaction between the Market and new "brick and mortar" start-up firms in Moscow. There is also a close link between the Moscow Farmers Market and small local agriculture producers. The Market is a great community business incubator encouraging entrepreneurship and fostering new business innovation. Many local firms got their start in the Market and there are over 25 individual firms with close connections to the Market including St. Mary's Kitchen, Bush Creek Creamery, Camas Winery, Humble Burger, Lodge Pole Restaurant, Mela Indian Food, Panhandle Bread, Patti's Kitchen, Sisters Cookies, Tapped, Young's Food, Cowgirl's Chocolate, and many others. Some of these firms might not exist if it were not for the Market. We include an impact assessment for these firms in our analyses. The inputs for the economic impact assessment were based on a summer 2016 survey sent to these firms and personal interviews. It is assumed that 50% of the revenues of these firms are basic (i.e. new monies to Moscow) from nonresident customers (i.e. Pullman and elsewhere) and Moscow residents who would dine elsewhere

in the absence of these firms. The remaining 50% is non-basic or substitutable and not counted in the calculation of economic impacts.[xx]

3) The third economic impact component is the Market (inside) customer spending captured by the RMA/SEED surveys. Specifically this analysis is based on the 2013 SEED analysis adjusted for 2013 visitor counts and inflation, totaling $5.035 million of customer Market spending. Two alternative methodologies are employed (discussed earlier) creating "high" range and "low" range estimates respectively: 1) The assumption of per-individual customer spending estimate and 2) The assumption of per-wallet or per-group. The assumed spending pattern taken from the vendor survey is 52% retail agricultural products, 27% eating and drinking, and 22% craft and value-added retail. These results are *net* of the vendor impacts reported in (1) above to avoid double-counting.
4) The final component measures the impact of additional downtown spending *outside* the Market which was estimated at $3.15 million after adjusting for inflation and 2013 customer counts. The same two alternative methodologies are employed creating high range and low range estimates respectively.

Methodology: Summarized Approach of Analyses

- The focus of this study is to examine the role of the Market in its contribution to the brand of Moscow, its role in attracting shoppers to Moscow, making Moscow a more desirable place to live and work, and facilitating entrepreneurship and new business creation.
- The role of the Market in the local foods industry was included in this analysis but it was not the focus of the study.
- Total annual direct community Market customer spending was $8.184 million
    - The total direct annual sales of brick and mortar and related Market spinoffs is $1.65 million.
    - Total direct annual gross sales related to the Market is $9.83 million.
- Direct Latah County agricultural production included in the analysis is $300,000.[xxi] Except for eating and drinking, all other direct expenditures is margined (i.e. the cost of goods sold is not included in the impact analysis).[xxii]
- Except for Latah County Market agricultural production, it was assumed that all other Market activity is 50% basic and included in the economic impact analysis; and 50% non-basic and not included in the economic impacts. Of the basic activity, it is assumed that 35% originated from nonresidents, and the balance of 15% represented Moscow patrons who would have spent their monies outside of Moscow (i.e. import substitution) for a total of 50%.
- The spending patterns or categories in the impact assessment is based on the vendor surveys: 52% retail agricultural products, 27% eating and drinking, and 22% craft and value-added retail.

Methodology: Economic Base Assessment

This analysis is founded on economic base theory. A local or regional economy has two types of industries: base industries and nonbase industries. Any economic activity that brings money into the local economy from the outside is considered a base industry. A base industry is sometimes identified as an export industry, which is defined as any economic activity that brings new monies into the community from outside. For example, base industries can include high-technology companies, medical services, retail trade services, federal government operations, as well as other manufacturing and service firms. Firms providing services to individuals living outside the region's trade center, such as medical and legal services, are included in the region's base. Payments from state and federal governments (including Social Security, Medicare, university funding, and welfare payments) are sources of outside income to businesses and residents. These are counted as part of the economic base.

Nonbase industries are defined as economic activity within a region that support local consumers and businesses within the base sector. They re-circulate incomes generated with- in the region from the base industries. Such activities include shopping malls that serve the local population, business and personal services consumed locally, medical services consumed locally, and local construction contracts. Nonbase industries support the base industries.

Base industries are sometimes confused with nonbase industries. For example some county economies have a large retail trade sectors that produce a paradox: they employ a substantial percentage of the workforce but actually contribute little economic impacts because most of the retail sales are local. They bring little new money into the community. Thus it appears from the size effect that the retail trade sector contributes a large amount of employment and earnings to the economy. In reality, most of this employment and earning activity is allocated or attributed to other local "export" industries that bring revenues into the community from outside sales. From a "size" perspective, the retail trade sector appears large. However, from an economic base perspective which determines the economic "drivers" of the economy, the retail trade sector is actually much smaller. Only the retail trade activities serving visitors from outside the area can be counted as economic base activity and employment.

Economic base analysis is important for identifying the vital export industries of a region. Nonbase industries, on the other hand, are important for keeping money within a region and stimulating local economic activity for residents. In this respect, nonbase industries can function in the same manner as an export industry. For example, suppose an Idaho patient elects surgery at a local hospital instead of traveling to a medical center in Spokane, Washington.

The substitution of local services for an imported service represents an increase in the demand for local business services. Keeping income in the community enhances the multiplier effects of the export industries. The overall effect of import substitution can be viewed as an analogous in- crease in demand for an export industry. Our economic models are founded on economic base theory. Thus Farmers' Market customers from outside Latah County are counted as base as well as local customers who would have traveled outside the regional economy in the absence of the Market.

Methodology: Defining and Explaining Economic Impacts

Economic impacts measure the magnitude or importance of the expenditures of basic (export) industries. Our economic model estimates multipliers for each industrial and service sector. Suppose you have a (hypothetical) output (sales) multiplier of 1.25. Every dollar of direct expenditures creates $1.25 dollars of total new spending in the community economy. Impacts are apportioned into two levels. The first level is the direct impact of the market expenditures on the Latah County economy – the jobs, payroll and earnings, value-added, and sales that are directly created by the Market as an export or basic business.

The second is comprised of two parts: a) the impacts on other regional businesses that provide goods or services to the Market – the indirect impacts - and b) the effect of employee and related consumer spending on the economy -- the induced impacts. The indirect and induced impacts are the so- called "ripple" or multiplier effects of the Market in the economy. The multiplier or ripple effects are driven by the exports of an economy. Exports, the new money coming into an economy, set off a web of transactions as each business seeks to fulfill the demands of their customers. A Market's impact upon the economy is thus comprised of the magnitude of the multiplier(s) and the magnitude of the exports. The sum of the direct, indirect, and induced effects measures the total impact of an industry to an economy.

Methodology: Market Customer Visitation and Spending - What Sticks to Moscow?

The Market attracted an estimated 164,892 customers in 2013, up from 84,084 in 2003, a cumulative 96% increase or an average annual growth rate of 7%. The number of customers represents 4.4 times the population of Latah County (37,244) in 2015 or 6.7 times the population of Moscow (25,060).

By 2016 the Market visitors may reach 176,380 employing the 7% historic average annual growth rate. Approximately 35% of the visitors live outside of Latah County (excluding college students) or 57,712 customers for year 2013. This is based on the 2003-2013 surveys of Market customers and a 2016 survey of Market vendors.[xxiii] In addition, it is assumed that approximately 15% of the Latah County customers would have traveled outside Moscow for Saturday shopping opportunities (import substitution).

One the benefits of the Market is providing local shopping and family entertainment opportunities on summer and fall Saturdays, keeping local spending in Moscow instead of leaking outside the regional economy. Overall it is assumed that 50% or 82,446 of the Market customers represent base activity or new spending to Moscow.

A key challenge in analyzing the large flow of Market customers is assessing average Market spending and community spending. The Market 2003 to 2013 RMA/SEED studies surveyed consumer spending, reported in Figure 8. The results are employed as the basis of the consumer spending estimates in this report adjusted to 2013 estimated Market visitors (164,892) and inflation.

The average Market (inside) spending was $31 and the average spending downtown (outside the Market) was $19. The 2013 SEED spending survey was based on individual per-

customer spending. The earlier RMA studies were based on a "per-wallet" or per group spending consisting of two individuals per wallet or per group. The net effect is a 50% reduction of the impacts of the per-wallet surveys as compared to the per individual survey technique. The difference between the survey methodologies provided the basis between the "high" and "low" economic impact estimates in this study. It also represents the challenges in determining how much of the consumer visitation and spending "sticks" in the local economy.

Results

Summary Results

The state economic impacts are reported in Figure 10. These impacts include the direct impacts of Market-related expenditures and the backward linkages of that spending as it circulates throughout the economy, i.e. the multiplier effects. It also includes the impacts of consumer spending relating to this economic activity. The following economic model outputs were reported:

1) Sales – reflects the total transactions from all sources in dollars by direct, indirect, and induced economic activity (i.e. including the multiplier effects).
2) Earnings (payroll) – includes wage, salary, and other income payments including fringe benefits to workers (including the multiplier effects).
3) Employment – represents the total employment resulting from economic activity (including the multiplier effects).
4) Indirect business taxes – includes all taxes except personal income taxes and corporate income taxes. At the local level they primarily include property and sales taxes (including the multiplier effects).

The primary indicators of economic activity most relevant are earnings (payroll), jobs, and indirect business taxes.

The results are presented in two categories: The low estimate where visitor spending was based on a "per wallet" measure and a high estimate based on a per-individual spending measure. For both impact measures the *vendor expenditures* and *brick and mortar/spinoffs* categories are the same. The difference between the two measures arises from *the visitor spending (Market)* and *visitor spending downtown categories*.

For the low estimate, the Market creates total economic impacts of 94 annual jobs, wage and salary payments of $1,684,591, and total output (sales) of $3,940,260. Output (sales) is the broadest measure of impacts of which wages and salary impacts are a subcomponent. Figure 10 includes the impacts of each individual category. These impacts include the direct, indirect, and induced impacts (i.e. the multiplier effects).

- For vendor expenditures category, the impacts are 15 annual jobs, $266,434 in wages and salaries, and $557,787 in annual output.
- For brick and mortar/spinoffs category, the impacts are 54 annual jobs, $944,643 in wages and salaries, and $2,278,578 in annual output.

- For visitor Market (net) category, the impacts are 12 annual jobs, $221,977 in wages and salaries, and $518,194 in annual output.
- For visitor expenditures downtown category, the impacts are 13 annual jobs, $251,538 in wages and salaries, and $585,701 in annual output.
- The total taxes generated by the Market in the low estimate are $92,865 per year in local property taxes and $195,164 state sales, excise, and income taxes, for a total of $288,029.
- For the high estimate, the Market creates total economic impacts of 128 annual jobs, wage and salary payments of $2,238,316, and total output (sales) of $5,462,447. Figure 10 includes the impacts of each individual category.
- For vendor expenditures category, the impacts are 15 annual jobs, $266,434 in wages and salaries, and $557,787 in annual output.
- For brick and mortar/spinoffs category, the impacts are 54 annual jobs, $944,643 in wages and salaries, and $2,278,578 in annual output.
- For visitor Market (net) category, the impacts are 33 annual jobs, $624,164 in wages and salaries, and $1,454,681 in annual output.
- For visitor expenditures downtown category, the impacts are 26 annual jobs, $503,075 in wages and salaries, and $1,171,401 in annual output.
- The total taxes generated by the Market in the high estimate are $131,692 per year in local property taxes and $273,343 state sales, excise, and income taxes, for a total of $405,035.[xxiv]

Are the Tax Estimates Reasonable?

The economic model (IMPLAN) has a tax module that estimates a wide array of local, state, and federal taxes. The model allocates tax impacts proportionally to the economic drivers of the Market in long-run equilibrium. Tax revenues are created by community economic activity and local industries either directly or indirectly. Thus any economic (basic) activity that creates jobs and income also creates tax revenues that can be estimated with the economic model.[xxv] Are the results reasonable? One test is to compare these results of the model to the average tax payments per job in Latah County. Total 2015 Latah County property tax payments (all taxing districts) were $35,358,560.[xxvi] Total county employment is 20,942 which equates to $1,688 in property tax per job. The 94 jobs created by the Market in the low economic impact estimate equals $158,709 of annual property tax generated for the low estimate and $216,116 for the high estimate based on 128 jobs. The property tax payments estimated by the economic model for the low estimate is $92,865 per year and $131,692 on the high estimate, suggesting the model results are reasonable.[xxvii]

Figure 10

Economic Impacts of Moscow Farmers Market (Low Estimate)
Includes the Direct, Indirect, and Induced Impacts

Category	Jobs	Wages/Salaries	Output
Vendor Expenditures	15	$ 266,434	$ 557,787
Brick and Mortar/Spinoffs	54	$ 944,643	$ 2,278,578
Visitor Spending Market (Net)	12	$ 221,977	$ 518,194
Visitor Spending Downtown	13	$ 251,538	$ 585,701
Total	94	$ 1,684,591	$ 3,940,260

Economic Impacts of Moscow Farmers Market (High Estimate)
Includes the Direct, Indirect, and Induced Impacts

Category	Jobs	Wages/Salaries	Output
Vendor Expenditures	15	$ 266,434	$ 557,787
Brick and Mortar/Spinoffs	54	$ 944,643	$ 2,278,578
Visitor Spending Market (Net)	33	$ 624,164	$ 1,454,681
Visitor Spending Downtown	26	$ 503,075	$ 1,171,401
Total	128	$ 2,338,316	$ 5,462,447

Tax Impacts	Local	State	Total
Low Scenario	$92,865	$195,164	$288,029
High Scenario	$131,692	$273,343	$405,035

Are the Economic Impacts Reasonable?

Are the economic impacts reasonable? The jobs impacts range from 94 jobs to 128 jobs (low and high scenarios) including the multiplier effects. This study casts a wide net across all of the important activities and functions of the Market which are reflected in the results. We report the impacts by categories so that the individual components of the impacts can be seen and measured.

Averaging across the two scenarios (low and high), approximately 50% of the jobs impacts arise from the brick and mortar spinoffs and related local farm producers. Over 25 firms have incubated in the Market or originated with the Market. Many are well known eating and drinks establishments with a substantial number of direct employees. A portion of their activity (50%) is included in these economic impacts.

The second largest component of the impacts is the visitor spending arising (36%) from the RMA/SEED surveys. Over 164,892 customers visit the Market annually of which 57,721 visitors or 35% are nonresidents. Given the high volume of visitors, even a relatively small amount of

spending can have large economic impacts. The key question is how much of that spending "sticks" in the community and contributes to the economic impacts. This study estimates that 25 to 59 jobs are created by these visitors from their spending in the Market and downtown Moscow (net of the vendor revenue estimates).

Finally the most conservative estimate of jobs impacts (15 jobs or 15% of the total) is based on reported vendor revenues. Even this 15 annual jobs impact is significant and would represent a strong cottage industry in Moscow in its own right.

Overview of the Moscow Economy

Latah County is situated in northern Idaho on Idaho-Washington border adjacent to Whitman County.

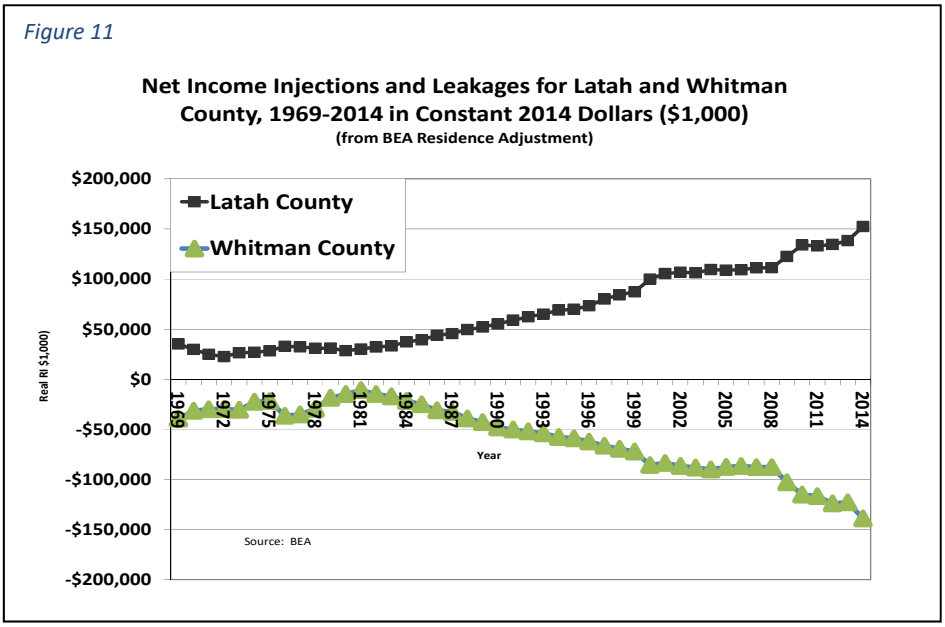
Idaho's economy is divided into three integrated regional economic areas that spill into six surrounding states. The regional economic area for Northern Idaho and much of Eastern Washington is centered in the Coeur d'Alene, Idaho-Spokane, Washington corridor, which includes Northern Idaho, Eastern Montana, and a portion of Southern Canada. The dominant geographical location in the trade hierarchy is Spokane, Washington, which is followed by the regional trade "hub" of Lewiston, Idaho, and the local hubs of Moscow and Pullman. The local integrated economic region is the Quad County region: Latah County, Nez Perce County in Idaho; and Whitman County and Asotin County in Washington. The primary trade and commuting patterns on the Palouse and in the Lewis-Clark Valley run East-West. The economies of Pullman and Moscow are woven tightly together as are the economies of Lewiston and Clarkston. [xxviii]

East-West Trade Linkages and Retail Trade

Commuting patterns and economic linkages run primarily east-west between Pullman and Moscow, and East-West between Clarkston and Lewiston. Whitman County (primarily Pullman) is a net job exporter as residents from surrounding counties commute daily to their jobs in Whitman County mostly to the region's top employers - Schweitzer Engineering and Washington State University (WSU). On average (net), approximately 2,171 individuals commute into Whitman County for work. Latah County (primarily Moscow) is a net job importer.

Approximately (net) 2,152 residents commute out of the county to employment elsewhere (primarily Pullman and Lewiston). Moscow is the "home" of the Palouse and a significant number of residents work in Pullman or elsewhere and out-commute each day. They live in Moscow for the high quality of life even though they are required to pay Idaho income taxes on their out-of-state jobs.

Figure 11



The commuting patterns create income flows throughout the region. Latah County has a (positive) net income inflow of $152.3 million (2014) whereas Whitman County has a (negative) net outflow of $138.7 million.[xxix] This interdependence has been increasing over the last two decades as measured by the positive and negative residents' adjustment (i.e. income flows from commuting) (Figure 11).

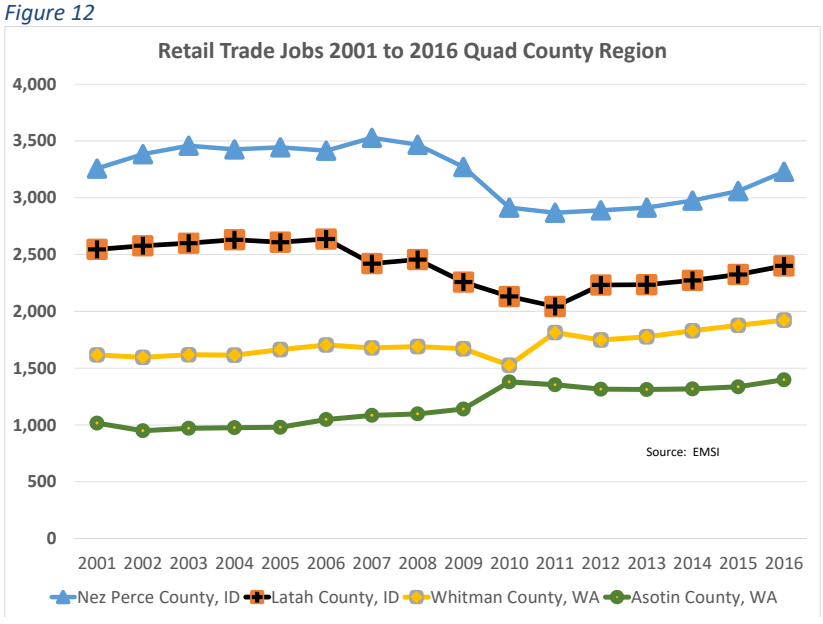
The net $152.3 million inflow to Latah County from other counties (primarily Whitman County) creates income and jobs: 818 Latah County jobs, $77.7 million in sales transactions, $21.6 million in total compensation, $1.6 million in local taxes and $3.1 million in state taxes, including the multiplier effects. [xxx] The Moscow Farmers Market enhances the quality of life that makes Moscow a desirable place to live and indirectly contributes to those income and job flows.

Retail trade is an import component to the regional economy and especially to the Latah County economy. Overall, Nez Perce County has approximately $705 million in retail sales, Latah County ($368 million), Whitman County ($344 million), and Asotin County ($295 million). Latah County has been the dominant local trade hub but Whitman County is catching up. .[xxxi] Moscow is a very desirable location for shopping and eating-and-drinking on the Palouse which is important for future community growth. Total retail trade employment is presented in Figure 12. In 2016 Nez Perce County had 3,237 retail trade jobs, Latah County (2,400), Whitman County (1,923), and Asotin County (1,398).

Population and Employment Growth

The major growth engines of the Palouse have been the increased student enrollment at WSU, over 3,000 students over the last 15 years and the growth of Schweitzer Engineering Laboratories that has added over 1,000 employees over the same time period. The University of Idaho.

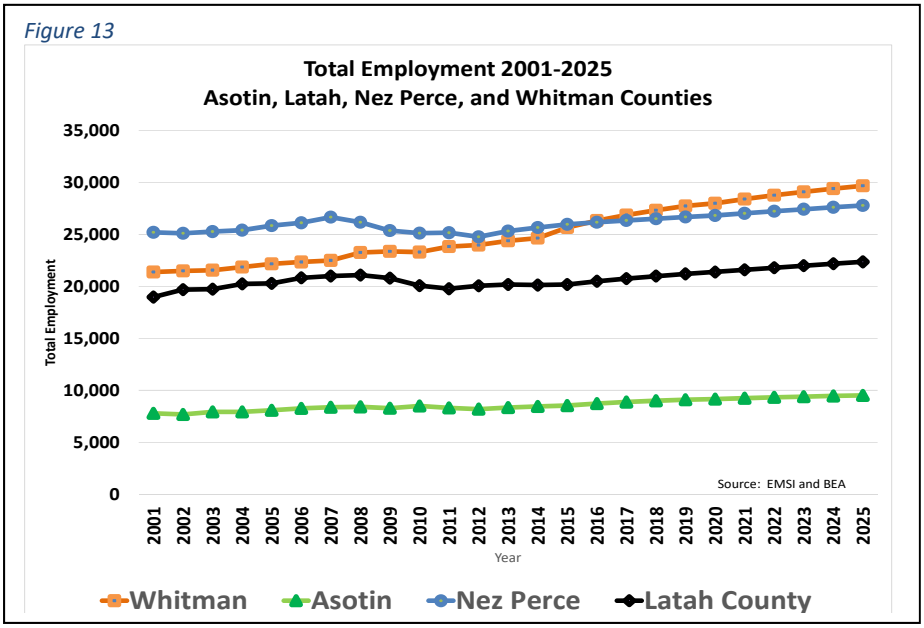
Figure 12



The Palouse and the Quad County regions have historically been slow-growing but stable economic regions situated in two relatively fast growing states. Whitman County transformed over the last twenty years from one of the region's slowest growing counties to one of the fastest growing counties. Moscow has benefited from that growth in Whitman County because many of the new workers in Pullman live in Moscow and shop in Moscow. In 2015 Whitman County had a population of 47,311, Nez Perce County (40,211), Latah County (38,688), and Asotin County (22,331). The Quad County population was 148,542 in 2015 and by 2025 is expected to reach 152,893.

Total full and part-time 2015 Quad County employment was 80,383 jobs of which 25,975 jobs in Nez Perce County, Whitman County (25,677), Latah County (20,194), and Asotin County (8,537). Whitman County employment grew 20% cumulatively from 2001 to 2015, Asotin County (9.6%), Latah County (6.4%), and Nez Perce County (3.1%) Figure 13 illustrates the actual job growth by county and region from 2001 to 2015; and presents forecasts from 2015 to 2025.[xxxii] Whitman County is expected to surpass Nez Perce County in total employment in 2017.

Figure 13



Universities: Our Largest Core Industries

The three universities had 35,302 regional students in the 2015 academic year which constituted about 25% of the region's population. The importance of student growth on the regional economy cannot be understated: Every college student creates about $56,000 in sales, $33,000 in wage and salary earnings, and 0.71 of a job in the region, assuming that in the long-run all university activities and expenditures are dependent on student enrollments.[xxxiii] The region's largest and most important industries are its university system (WSU, UI, and LCSC), which directly employ 13,946 people regionally and create 25,935 jobs including the multiplier effects. They contribute $2.0 billion in total sales transactions, $1.6 billion in gross regional product, and $1.2 billion in regional payrolls. [xxxiv]

The University of Idaho enrollments are down approximately 12% cumulatively since 2001 (about 700 students) and are likely down an additional 1% to 2% overall in the Fall 2016.[xxxv]

Without the positive spillover growth from Whitman County, Latah County would be in a economic recession. The Moscow Farmers Market has been instrumental in enhancing the quality of life factors that make Moscow an attractive place to live and shop.

High Technology Services

Moscow has several dozen emerging small high technology manufacturing and service companies such as, Alturas Analytics, Anatek Labs, Comtech EF Data, and firms throughout Moscow.

EMSI (an economic data and consulting firm) has 130 employees and is located in the downtown Moscow corridor. Other emerging technology-related firms in the downtown corridor include Populi (15 employees), Hodge & Associates (20 jobs), TerraGraphics (20 jobs), Wovax (12 jobs), Roman Roads (10 jobs), Moscow Works (10 jobs) and Biketronics (5 jobs).

Downtown Moscow

Downtown Moscow has been compared to a great tidal basin: Each day the tide of workers and students flow outward to their jobs and studies and each night they flow back with nutrients (i.e. income) to the downtown economy. Downtown is centrally located near the University of Idaho campus and near the major residential district of town. Downtown storefronts have few vacancies.

There are at least 344 firms in the broader downtown corridor running from the border north of town to the southern border and running east to the Latah County Courthouse and west to about Ashbury Street, employing an approximate 3,691 workers. There are a variety of economic clusters[xxxvi]:

- Health care – 753 jobs
- Eating and drinking – 632 jobs
- Retail – 586 jobs
- Other – 387
- Government – 385 jobs
- Finance/insurance/real estate –291 jobs
- Engineering and technology services – 233 jobs
- Manufacturing/Craft Industries – 243 workers
- Professional services – 140 jobs
- Private Education – 41 jobs

Downtown Moscow has an important health care cluster led by Gritman Medical Center and a variety of physician offices and related services. Eating and drinking firms employ 632 people; retail establishments including the Moscow Food Co-op (586 jobs); city and county government (385 jobs); insurance; real estate; and finance sectors (291 jobs); engineering and technology services (233 jobs); manufacturing/professional craft industries including Northwest River Supply (243 workers); professional services (140 jobs); private education including New St. Andrews College (41 jobs) and variety of other firms (387 jobs).

The Market's Role in Downtown Moscow

The Moscow Farmers Market is the social glue that helps hold the diverse elements of the downtown community together.

The Moscow Farmers Market's most important contribution to the Latah County economy is the unique attraction it offers the community of Moscow as well as tourists, students, families of students and potential economic interests of Moscow as a place to live, shop, dine, raise children, attend college, and work. The Market attracts 57,721 nonresident visitors annually

The Market has been a key "ingredient" in the emerging *regional* craft beer and winery regional economic cluster now counting over fifteen regionally produced wines and craft beers.

Locally, the Market has been a partner in developing a craft beer district in Moscow that now includes Moscow Brewing Company, Rants and Raves Brewery, and Hunga Dunga Brewery. In addition, there are several Moscow restaurants and bars that specialized in serving local and regional craft beers.

The Moscow Farmers Market is a key partner with the local foods movement, an important and notable reference label for Moscow and Latah County producers. The Market partners with the Moscow Food CO-OP, which produces $11 million in revenues (2015), employs 145 full-time and part-time employees and annually buys $556,602 of products from 197 local and regional firms.

Market vendors sell approximately $300,000 annually of local agricultural products from Latah County.

The Market partners with Moscow's annual Artwalk, Renaissance Fair, Rendezvous in the Park, and the Moscow artistic community.

Conclusions and a Warning

The Moscow Farmers Market is a vibrant, vital, 39 year old institution founded in 1977 that has developed strong linkages in virtually all industries of the downtown economy. The Moscow Farmers Market's most important contribution to the Latah County economy, as noted in the CUSP Branding Project, is the Market's value to Moscow and the region as a place to live, shop, dine, raise children, attend college, and work. This contribution to the Moscow brand has provided most of the recent economic growth to Moscow and helped offset the economic effects of enrollment declines at the University of Idaho, the region's largest employer. The Moscow Farmers Market acts as a social glue that helps hold the diverse elements of the downtown community together.

The Market provides a steady flow of annual visitors to downtown Moscow - 164,892 in 2013, up from 84,084 in 2003; a 96% cumulative increase and which represents a 7.0% average annual growth rate. Approximately 35% are out-of-town visitors (57,712), bringing new money to the Moscow economy. About 89,232 people (64%) visit the Market before 11 am, creating a wave of shoppers every Market Saturday at the start of the business day for Moscow firms. In 2016, visitors are project to reach approximately 176,380 visitors.

Estimated Farmers Market reported vendor sales were $1,221,867 in 2015. Annual visitor spending ranges from $4.1 million (low) to $8.2 million (high) depending on the assumed survey methodology.

Economic impacts of the Market including multiplier effects range from $3.94 million to $5.46 million (in output) and 94 local jobs to 128 jobs. Annual state and local tax contributions of the Market range from $288,029 to $405,035 per year including local property taxes (range - $92,865 to $131,692) and state sales, excise, and income taxes range ($195,164 to $273,343). The Market budget is nearly self-sustaining and expected to be producing positive net revenues in the near future. Factoring in the multiplier effects, the net property tax contributions are positive.

The Moscow Farmers Market has received substantial community support, encouragement, and assistance from the City of Moscow. Ongoing successful community enterprises such as the Market need to be monitored and supported on a continuous basis. The University of Idaho's Lionel Hampton Jazz Festival may serve as a warning of the consequences of inadequate attention or benign neglect to a successful community enterprise. In 2002, Peterson and DiNoto conducted an economic impact assessment on the Jazz Festival, which then boasted 18,000 visiting K-12 students every February along with world-class musicians and concerts which attracted 16,000 attendees. The annual economic impact in terms of jobs was estimated at 125 local jobs including the multiplier effects.

By 2014, the Argonaut reported the visiting students had dropped to 3,800 and the concert attendance had dropped to 7,257, a decline that may threaten its future[xxxvii]. While there are many complex reasons for the decline of the Jazz Festival, benign neglect is a plausible ingredient, a concern held by the authors of the 2002 Jazz Festival Study. Too much attention may have been focused on Jazz Festival revenues instead of the broader university and community impacts and benefits of the festival. The festival was an important tool in recruiting and retention of future University of Idaho students. UI student enrollments peaked around this time period (2002) and has declined about 12% cumulatively[xxxviii].

The City of Moscow has an award winning Farmers Market that is growing robustly and contributing economic benefits to the downtown community. Community support and encouragement is vital for community enterprises to grow and prosper.

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- Export activity: Any product or service whose sales bring money into a community from the outside.
- Sales of products to firms or consumers in other states are examples of export activity. Other examples include nonresident tourist spending, federal government payments, and income transfers.
- Sales: Total dollar transactions from direct, indirect, and induced economic activity.
- Earnings: Wage, salary, and other income payments including fringe benefits to individuals.
- Value-added (value-output): This is a measure of gross domestic product at the local or regional level. Value added is a measure of total net production and activity.
- Jobs: Total employment resulting from economic activity. The economic model reports these as full- time and part-time jobs.
- Indirect taxes: All taxes generated from economic activity excluding personal and corporate income taxes. These consist of mostly sales taxes and property taxes.
- Base industries: Any economic activity that brings money into the local economy from the outside is considered a base industry. For example, Ada County base industries include high-technology companies, medical services, retail services, federal government, and other manufacturing and service firms.
- Nonbase industries: Any economic activity within a region that support's local consumers and businesses re-circulating incomes generated within the region. These activities include shopping malls that serve the local population, business and personal services consumed locally, and local construction contracts. Nonbase industries support the base industries.
- Economic impacts: Economic impacts measure the magnitude or importance of the expenditures of base (export) industries. Our economic model estimates multipliers for each industry. If you have a multiplier of 1.61, for example, every dollar of base expenditures creates $1.61 dollars of new spending in the community. The total multiplier has three components: direct effects, indirect effects, and induced effects.
- Direct effects (spending): This represents the actual sales, income, and jobs from hospital operations.
- Indirect effects: These are the downstream economic effects on sales, payroll, jobs, and indirect taxes that results from direct spending in the regional economy. For example, a medical center purchases community goods and services which supports other area businesses. These firms, in turn, purchase even more goods and services as the effects ripple throughout the economy. They are part of the overall multiplier effects.
- Induced effects: These are downstream economic effects of employee and consumer spending on the economy. They are part of the multiplier effects.

Figure 14: Farmers Market 2011 Location (Source: Moscow Farmers Market Value) 2015)

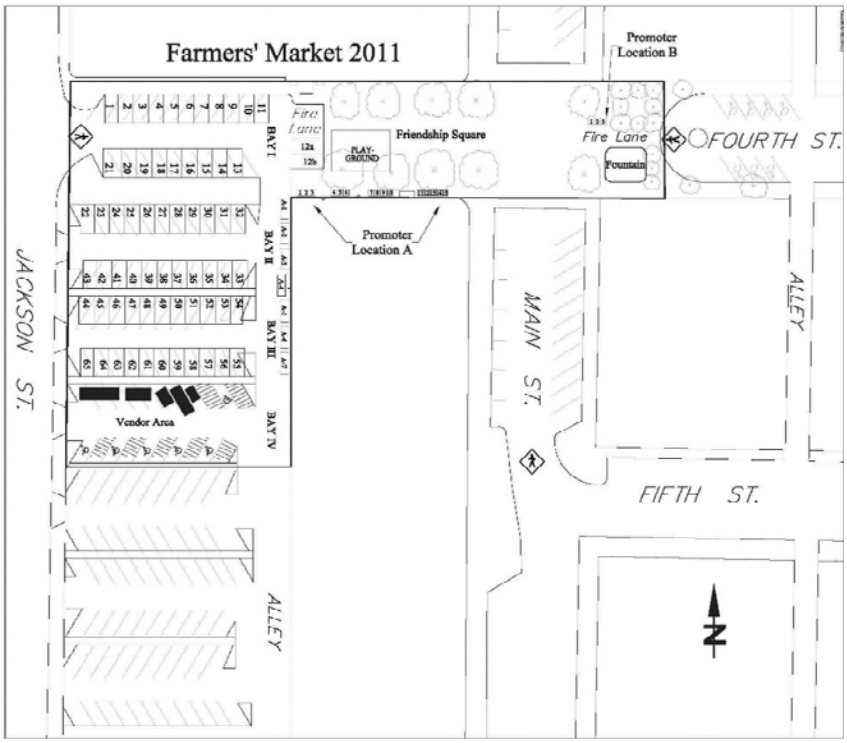

Figure 15: Farmers Market 2016 Location (Source: Moscow Farmers Market Value) 2015)

Notes

[i] Moscow Mystique – Process and Research behind the CUSP Moscow Brand. Developed by BHW1
Sponsored by Moscow Chamber of Commerce, City of Moscow, University of Idaho.
http://www.ci.moscow.id.us/records/Publications/Moscow%20Mystique%20Book.pdf
[ii] The vendor sales are self-reporting and likely understate total "true" actual vendor sales and should be viewed as a lower bound for estimated Market visitor spending.
[iii] The Market surveys of visitor spending inside the Market *implicitly* includes the reported annual Market vendor sales. These are netted out in our analysis to avoid double-counting.
[iv] The economic impact analysis: 1) Measures the economic impacts on Latah County instead of the 200 mile defined Market region radius (i.e. most of the agricultural and craft products are margined). 2) Measures net new monies to the Latah County (non-substitutable spending) or about 50% of total Market visitor spending. 3) The impacts include the direct, indirect, and induced impacts (i.e. multiplier effects) 4) An IMPLAN input-output model was created for the Latah County economy.
[v] Including the multiplier effects.
[vi] This analysis as well as its conclusions is solely those of the authors and do not necessarily represent the views of the University of Idaho or any other individuals or organizations.
[vii] : Andrew Jenson. "Increasing the scope — Moscow City Council votes to expand Farmers Market radius." https://www.uiargonaut.com/2014/02/10/increasing-the-scope-moscow-city-council-votes-to-expand-farmers-market-radius/. 02/10/2014.
[viii] American Farmland Trust's Farmers Market Celebration. Moscow Farmers Market. http://markets.farmland.org/market/moscow-farmers-market/. Accessed 7/10/16. See also: Chey, Scott. "Moscow Farmers Market named Idaho's best; local market season wraps up soon." http://www.inlander.com/Bloglander/archives/2015/10/02/moscow-farmers-market-named-idahos-best-local-market-season-wraps-up-soon. 10/2/15.
[ix]Amanda Argona, Volunteer Coordinator & AmeriCorps member. "Moscow Farmers Market Value 2015," Published by the City of Moscow. https://www.ci.moscow.id.us/records/Publications/MFM-Value-Report-2015.pdf.
[x] From June 2016 visits to the Farmers Market and personal interviews with vendors. These nonresident revenue averages were also confirmed by a survey of spinoff Market firms conducted in June, 2016.
[xi] Vendor data varies by year and by monthly status. Officially in 2015 there were 55 season vendor and 74 walk-On vendors.
[xii] City of Moscow, Farmers Market Annual Report 2015. https://www.ci.moscow.id.us/records/Publications/FM-Report.pdf.
[xiii] Amanda Argona, Volunteer Coordinator & AmeriCorps member. "Moscow Farmers Market Value 2015," Published by the City of Moscow. https://www.ci.moscow.id.us/records/Publications/MFM-Value-Report-2015.pdf.
[xiv] Cinda Williams, et.al. 2011 Moscow Farmers' Market Rapid Market Assessment. https://www.ci.moscow.id.us/arts/Documents/fm_rma_2011.pdf. July 30, 2011.
[xv] Amanda Argona. "Applying value of the Moscow Farmers Market." https://www.ci.moscow.id.us/records/Publications/SEED-NEED-Study.pdf. 2013.
[xvi] U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index. http://www.bls.gov/cpi/.
[xvii] The adjustment for 2012: Actual reported vendor revenues = $303,962 / 28.85% = $1,053,593/0.9675 = $1,088,947. The 2011 sales estimate was divided by the percentage reporting and then divided by the Consumer Price Index. A weighed average was used to estimate the percentage reporting for 2011.
[xviii] IMPLAN Database and Documentation. IMPLAN Group LLC (2015).
[xix] An informal survey of vendors was conducted in June-July 2006 as a component of this study.
[xx] The 50% assumption is based on the 2016 survey sent to the brick and mortar firms and interviews with owners of some of the firms.
[xxi] Technically the calculation of economic impacts for Latah County agriculture production included in the analysis was treated as a shock to exports rather than creating a formal import substitution model, given the relatively small proportion of these agriculture production impacts to the total Market economic impacts. The likely net outcome of this approach is a slight understatement of the true economic impacts. See Philip Watson, David Kay, Gregory Alward, Stephen Cooke and Alfonso Morales, "Evaluating the Extent and Economic Contribution of a Local Food System through

an Import Substitution Framework," Department of Agricultural Economics and Rural Sociology, University of Idaho, 5/23/15.

[xxii] The analysis of local foods production is complex. The actual costs of production (i.e. cost of goods sold) are not included in the impact analysis for these products but all other costs (i.e. the margins) are included in the analysis such as the marketing, selling costs, returns to entrepreneurship, etc. For firms located outside of Latah County even this approach can overstate the economic impacts because some of the remaining returns leak out and return home with the vendors. However, it was found that many nonresident vendors hire local Moscow employees and have a considerable long-term economic presence in the city. Since the estimate of local Latah County agriculture production is likely understated, there is some offsetting effects. This issue will be revisited in the future update of this study.

[xxiii] This is based on the average nonresidents across all RMA/SEED surveys of 33% and a survey of vendors (summer 16) which estimated about 35% of the visitors as nonresidents.

[xxiv] The model tax estimates includes the direct tax payments from the firms and entities, and the taxes generated from backward linkages of downstream business and firms benefiting from the new economic activity, and the induced impacts of employee and consumer spending.

[xxv] The tax module is not a tax forecast model and the results should be interpreted carefully.

[xxvi] Associated Taxpayers of Idaho, "State of Idaho 2015 Property Tax Levies" Boise, Idaho, http://www.ati-taxinfo.com/.

[xxvii] Average property taxes per homeowner or other related measures would lead to similar or higher magnitudes in comparison. Note that renters indirectly contribute to property taxes through their rent payments.

[xxviii] The regional analysis results were reported in: Peterson, Steve, "The 2015 Economic Impacts of the Pullman-Moscow Airport and Realignment Project," Sponsored by the PUW Airport, 3/16/2016.

[xxix] Residents Adjustment is from the BEA regional accounts and were adjusted for inflation to 2014 dollars using the Consumer Price index. http://www.bls.gov/cpi/. The commuting patterns comes from the Bureau of the Census, On-the-Map application, http://onthemap.ces.census.gov/.

[xxx] The residents' adjustment income economic impacts were estimated using an IMPLAN model of Latah County and measured as an increase in regional household income. The inputs were adjusted from taxes and savings (20% of the total).

[xxxi] The Economic Census produced by the U.S. Department of Commerce, Bureau of the Census, is conducted every five years and includes estimates of retail trade and the components of retail trade. These are 2012 estimates adjusted to 2015 numbers by the Consumer Price Index.

[xxxii] Forecasts are derived from EMSI forecasts.

[xxxiii] Steve Peterson (2014). *Economic Drivers: The Economic Impacts of the Higher Education and Health Care Sectors*

[xxxiv] These results were reported in: Peterson, Steve, "The 2015 Economic Impacts of the Pullman-Moscow Airport and Realignment Project," Sponsored by the PUW Airport, 3/16/2016.

[xxxv] The fall 2016 are very preliminary numbers and unofficial that will not be verified until November 2016.

[xxxvi] The jobs estimates are taken from a variety of sources, secondary sources and databases, personal interviews, and phone surveys. These estimates should be view with caution as employment numbers can fluctuate greatly and there can be errors in some of the reporting sources.

[xxxvii] "The waning sound of music– The Lionel Hampton Jazz Festival lacks funds, attendees" (2/13/2014). Argonaut. https://www.uiargonaut.com/2014/02/13/the-waning-sound-of-music-the-lionel-hampton-jazz-festival-lacks-funds-attendees/. See also: Steve Peterson and Michael DiNoto (2002). "Economic Impact of the Lionel Hampton Jazz Festival", Sponsored by the Lionel Hampton Jazz Festival.

[xxxviii] Obviously university enrollments are complex and the recruitment of new students by the festival is just one factor among many for UI enrollment challenges.