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61st Administration

Aldermen

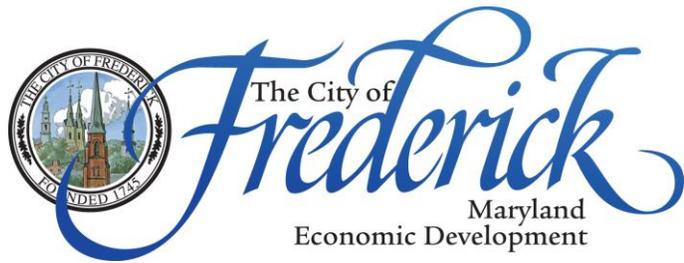
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331 North Market Street – Former Carmack/Jay's Grocery Stores

FACT SHEET

Since the 331 North Market Street building was vacated by Jay's Markets and then by Tesoro's Food in the 1990's, the Frederick community and City officials have been keenly interested in seeing the building and site reused. In numerous consumer and resident surveys over the years, a downtown grocery store or public market has consistently been the most desired use for this location.



The City of Frederick acquired the site and sold it to Douglas Development Corporation in 2002, has worked closely with the property owner to address the site constraints and concerns for prospective tenants in order to secure a quality user. The City's Department of Economic Development is in regular contact with Douglas Development Corporation, and continually explores opportunities for the City to support the property owner in the successful leasing of the building.

Below is a brief history of the Carmack Jay's site, and efforts to date:

- 1.35 acre site (37,725 sf)
- Approx. 20,000 sf (16,000 ground level & 4,000 rear mezzanine)
- 1959 - Built by Carmack's Inc
- 1973 - Acquired by Jays Markets, Inc. and run as supermarket until early 1990's – Jay's chain was in financial difficulties and closed
- 1995 – Property acquired by City of Frederick for \$675,000 to ensure that it be maintained for another grocery store – there was concern that an antique store would take over the property precluding its use as a grocery and/or that the property would fall into ruin.
- 1996 – Property sold to Denrick Associates (Tesoro Food Mart) for \$675,000 (100% seller-City financing). Operated from 1996 to 1998 as Tesoro Food Mart
- 1998 – Tesoro's came under financial difficulties and was forced to close.
- 2000 - City took the property back in lieu of foreclosure.
- 2001 - City granted a feasibility option to "Ameriken Investment Corporation" for a Lexington Style Market – called Frederick City Market - but option expired without any contract of sale being executed by the purchaser.
- Oct. 2001 – The City along with the Greater Frederick Development Corporation – GFDC – (now Downtown Frederick Partnership) and the Maryland Downtown Development Association (MDDA) conducted a "white elephant charette" community workshop to explore ideas for its



use. It was recommended that the City establish a "public market" at the site for vendors – like public markets in DC and Baltimore. A Public Market Task Force was established.

- Jan. 2002 - Downtown Frederick Partnership – Public Market Task Force presented a Public Market Feasibility Plan to the Dougherty Administration which was tentatively accepted.
- May 2002 – A portion of the property was sold by the City (Dougherty Administration) to Douglas Development Corporation for \$400,000. The City retained the parking lot beside Old Towne Tavern. Douglas Dev. felt that the property would not rent in its current condition and committed to its renovation and planned leasing to a grocery.
- 2003-2005 – Property owner completed Design, Design Approvals, and \$900,000 in building façade and parking lot renovations.
- 2006-2009 – Leasing efforts by Douglas Development and DED to a number of potential grocery tenants including Common Market, My Organic Market (MOM), Trader Joes, Amish Market, Whole Foods, and Magruder’s among others. Primary issues cited by potential tenants include:
 - Neighborhood character perception issues (i.e. adult themed uses – tattoo parlors, adult bookstore, bars, loitering, etc.)
 - Downtown residential market not strong enough to support a grocery store – need more housing in the immediate vicinity and be able to attract customers from other areas. (Maxwell Square and Hope VI project to deliver more housing units in the neighborhood).
 - Not enough on-site parking for driving customers
 - Frederick demographics not yet sufficient in terms of disposable household income and educational attainment for high end specialty foods like Trader Joes and Whole Foods
 - Concern about competition - Wegmans supermarket coming into the Frederick Market
 - Concern over deliveries access to the site – limited delivery times/etc.
 - Concern over adding Frederick to distribution routes which are primarily in DC/Baltimore.
- 2008-2010 – Great Recession – nearly no new leasing or financing occurred during this period.
- 2011 – Wegmans opens in Clemson Corner – city encourages developer to seek any reasonable tenant – not limited to groceries.
- 2012 – City DED negotiates with the owner to allow the City to manage the parking lot as a public metered lot to assist with community parking needs
- 2012 – City DED facilitates negotiations with Frederick City Market Organizers to allow use of the parking lot for a Sunday farmers market. DED provides start-up sponsorship \$.
- 2012-15 – City DED officials attend annual Retail Trade Show - International Shopping Center Council (ICSC) event in DC to pitch Carmack Jays location along with numerous other city retail sites to brokers and retailers.
- 2012-15 – Residential construction increases in the area, including the North Pointe and Maxwell Square projects
- 2014 – Douglas Development retains Mackintosh Commercial take over commercial leasing. The property was featured in the DED Downtown Commercial Property Tour. Participants of the Property Tour include commercial brokers from the entire Metropolitan Washington area.

