



Madison Public Market BUSINESS PLAN

Updated: October 2020





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Project





CONTENTS:

Part 1: Introduction & Background	2
Part 2: Project Location	9
Part 3 Building Program	13
Part 4: Site Plan & Architecture	19
Part 5: Capital Budget	30
Part 6: Governance	31
Part 7: Market Merchants	34
Part 8: Entrepreneur Pipeline & Programing	38
Part 9: Market Operations	43
Part 10: Market Analysis and Marketing Strategy	54
Part 11: Community & Economic Impacts	65
Part 12: Equity & Inclusiveness	67
Contact Information	69

Part 1: Introduction & Background

Madison Public Market Vision

The Madison Public Market will be a vibrant year-round destination where new entrepreneurs and long-established Madison favorites will offer the best of our local food and handmade goods. The market emphasizes equity through entrepreneurship and is already supporting diverse entrepreneurs on their journey to launching a business at the market. The market will feature produce from Wisconsin farms, culturally diverse prepared food, locally-made food products, and handcrafted arts/crafts. The space celebrates our unique traditions. It includes food processing, business incubation, and workforce training to strengthen our food system. It is a cherished and inclusive community gathering space with art, music, and events that bring people together.

Why a Madison Public Market

The purpose of the Madison Public Market is to create a year-round destination featuring a diverse mix of merchants offering fresh produce from local farmers, culturally eclectic prepared food, and locally made handcrafted goods. The market will be a hub for business incubation. It will be a community gathering space that highlights local artists and musicians, hosts community events, and supports a range of activities for residents and visitors alike.

The core mission of the Public Market is equity-based economic development. The project aims to lower barriers to entry and create a supportive environment for diverse entrepreneurs to launch a new business. With the MarketReady Program, the Public Market project has already begun working with a cohort of passionate and committed entrepreneurs who are preparing their businesses for launch in the market's Food Innovation Center. The Market builds on Madison's existing strengths and competitive advantages in the food industry to grow the next generation of food-based businesses. It will bring together dozens of early-stage businesses under one roof in a space that offers exposure, affordable rents, and support services.

The project will repurpose an existing and obsolete city-owned Fleet Services garage to create a truly special community destination. All of this will happen in a unique setting, located at a highly-visible gateway to central Madison and adjacent to a 5-acre park along the Yahara River within Madison's Capitol East District.

The Public Market creates a powerful catalyst for entrepreneurship, as well as a unique and inviting community space that will become one of Madison's beloved destinations for residents and visitors alike.

Business Plan Purpose

The Intent of this Public Market Business Plan is to guide decisions by the City of Madison and the Public Market Foundation in the implementation of the project and provide information to

potential vendors, project partners, and project investors about how the Public Market will be built and operated.

Building on Regional Economic Strength

Madison is located at the center of one of the most diverse and abundant agricultural regions on the planet. Food is an important regional economic driver:

top 2% - Dane County's nationwide ranking in agriculture production

24,000 - People employed in food-related industries in the Madison Region.

7,000 - Projected job growth in food processing and food preparation in Dane County by 2027,

Working with Projects for Public Spaces (PPS), the City completed the original Public Market Business Plan from 2013 to 2015 (*adopted by the City of Madison Common Council in October 2015*). The City of Madison Economic Development Division Staff, with review and assistance from the Public Market Development Committee (PMDC), has updated the Business Plan several times as the project has evolved.

This Business Plan is the product of a multi-year effort, led by the City of Madison and including input from dozens of partner organizations and stakeholders, hundreds of potential public market vendors, and thousands of community members through surveys, focus groups, workshops, social media, online forms, and a variety of other outreach activities.

Project Background

Background:

In 2012, the Public Market Development Committee (originally named the Local Food Committee) convened to study the City's food economy and make recommendations for the location and vision for a Madison Public Market. The Committee spent two years conducting research, talking with stakeholders, and forming the basis of a vision for the project. Work included researching the region's food system, learning about public markets in other cities, and surveying potential vendors.

Business Plan:

In 2013, the City engaged a consulting team to develop the Public Market Business Plan. The business plan process took two years and involved a robust community engagement effort that touched over 2,000 community members and potential vendors through events, workshops, surveys, and focus groups. The Common Council adopted the Business Plan in October of 2015 and staff has continued to make periodic updates to the Business Plan document. The city conducted the Business Plan in three phases, with Council action approving each one:

1. Vendor cultivation and market research (RES-14-00370)
2. Location selection (RES-14-00746)
3. Final business and operating plan (RES-15-00814)

Racial Equity Impact Analysis:

The Public Market is an equity-based economic development project and the core of its mission is supporting diverse entrepreneurship. At the direction of the Common Council, the Business Plan process included applying the City's Racial Equity Impact Tool to the project. The RESJI Analysis led to ten specific recommendations for how the Public Market can have a positive impact on communities of color in Madison. The City and Public Market Foundation are implementing these recommendations in the ongoing planning process. The Public Market Equity Report continues to guide all aspects of the project. The Public Market's MarketReady Program was one outcome of the Equity Analysis. The City is currently updating the RESJI Analysis as part of the project's architectural design process. MarketReady businesses now form the core of our Food Innovation Center candidates.



A few of the entrepreneurs in the Madison Public Market's MarketReady Program seen here visiting the Midtown Global Market in Minneapolis. The program has 30 participants who are pursuing their interest in launching a business at the Public Market.

Implementation Strategy:

After the Common Council approved the Business Plan, the PMDC and city staff next developed the Public Market Implementation Strategy in 2016. The Common Council approved the Implementation Strategy in March of 2016 (RES-16-00194). The five Work Elements have formed the basis of the efforts by City Staff, the PMDC, and the Public Market Foundation since 2016.

Five Work Elements from the Implementation Plan:

1. Governance/operations
2. Funding
3. Design
4. Vendor and client development
5. Outreach and momentum building

Over the last three years since the completion and approve of the Implementation Strategy, the City staff and the Public Market Development Committee (PMDC) have made continual progress on all five work elements. From a governance and funding standpoint, the Public Market Foundation was formed to become the operator of the Public Market. The Foundation now has a strong Board, bylaws, 501c3 status, several subcommittees, and is ramping up its operations. From a design standpoint, the City is working with an architecture team to finalize plans. Most importantly, the City has continued to reach out to and cultivate a diverse pool of businesses interested in operating within the Public Market. There are currently 200 businesses that have completed a detailed interest forms and expressed their desire to be affiliated with the project. The City has also launched the MarketReady Program, which is a training, technical assistance, and small grant program focused on supporting prospective Public Market Vendors and Food Innovation Center Clients.

History of Common Council Action on Public Market:

As a City-led and City-sponsored project, the Madison Common Council has played a key role in overseeing the Public Market project, with more direct oversight provided by the City's Public Market Development Committee. All key decisions authorizing next steps in the process have included Common Council approval. Below is a list of Common Council Resolutions authorizing next steps in the project since 2011:

- 7/5/11 - RES-11-00586 – Resolution to create Local Food Committee
- 2/5/13 - RES-13-00078 – Resolution to authorize RFP for Business Plan
- 1/6/14 -RES-14-00370 - Resolution to accept Business Plan Phase 1 (market study)
- 5/7/14 - RES-14-00746 - Resolution to accept Business Plan Phase 2 (site selection)
- 10/6/15 - RES-15-00814 - Resolution to approve Final Business Plan and request staff and the PMDC to create an implementation strategy
- 3/15/16 - RES-16-00194 - Resolution to approve the Implementation Strategy and direct next steps on each of the 5 “Work Elements” identified within the Strategy.
- 5/17/16 - RES-16-00362 – Resolution authorizing next steps with design
- 6/21/16 - RES-16-00461 - Resolution authorize funding for the MarketReady Program
- 6/21/16 - RES-16-00464 - Resolution to engage Funding Consultants (Fundraising and NMTC)
- 9/6/16 - RES-16-00615 - Resolution to engage Architects to develop conceptual design
- 11/22/16- RES-16-00872 – Resolution changing the name Local Food Committee to Public Market Development Committee, adding members, and restructuring the committee mission and composition.
- 2/7/17 - RES-17-00104 - Resolution to approve MarketReady contract with community partners to administer the program
- 8/1/17 – RES-17-00636 – Resolution authorizing CDBG funding for a portion of the MarketReady Program funding
- 12/5/17 – RES-17-00962 – Resolution identifying Public Market Foundation as fundraising entity and issuing RFQ for Operator
- 5/1/2018 – RES 18-00356 - Resolution approving the Madison Public Market Foundation as the future operator of the Madison Public Market
- 7/10/18 – RES 18-00522 – Resolution authorizing a RFP for professional architectural and engineering services to design the Public Market
- 7/24/18 – RES-18-00570 – Resolution authorizing City to retain outside counsel for financing Public Market
- 2/5/19 – RES-19-00093 - Resolution authorizing a contract with MSR provide professional architectural & engineering design services & construction administration services

- 2/5/19 – RES-19-00119 - Resolution approving the Collaboration Agreement between the City of Madison and the Madison Public Market Foundation
- 9/15/20 – RES--20-00672 – Authorizing staff to apply for and accept Economic Development Administration (EDA) funding to support the construction of the Madison Public Market and if awarded, committing city matching funds for the construction of the Madison Public Market and draw down funding from TIF District 36.

Madison Public Market Summary of Progress to Date:

- Pre-2011: City looks at opportunities for a Public Market
- 2011-2013: The Committee is formed and begins research and outreach to create a vision for a Public Market that will benefit Madison
- 2013: Project For Public Spaces (PPS) engaged to develop a business plan
- 2014: Location selected and approved by the Common Council after analysis and community input
- 2015: Business Plan completed and adopted by Common Council
- 2016: Public Market Implementation Strategy completed and approved by Council
- 2017: The Public Market Foundation is formed and the MarketReady Program is launched
- 2018: The Public Market Foundation builds its board, receives lead donations, and works with the City on the operating plan. The MarketReady Program participants continue making progress on business plans, securing funding, working with business coaches, etc.
- 2019: The City selected an Architect/Engineer team to complete the design, the Madison Public Market Foundation was awarded 501c3 status, the City and the Foundation executed a Collaboration Agreement, and contracts have been signed for lead private donations.
- 2020: The City and the Public Market Foundation apply for EDA CARES Act funding to launch the Food Innovation Center

Part 2: Project Location

The Madison Public Market will be located at the corner of First Street and Johnson Street. This site selection decision was based on several factors:

What does the Public Market mean for the Farmers Market?

Madison is fortunate to have the nation's largest producer only farmers market downtown, as well as several great neighborhood farmers markets. Madison's farmers market tradition isn't going to change with the Public Market, and will be strengthened through partnerships. The Market Kitchen at the Public Market will provide opportunities for farmers to create value-added products that they can sell year-round. The Public Market can also be a place that farmers bring surplus products to be processed or sold in bulk. With classes and event space, the Public Market and Farmers Market can be marketed to the community in partnership. The City has been coordinating with the Dane County Farmers Market Management and Board to ensure that Farmers Market and Public Market work in tandem.

- **City Ownership** – The Public Market will repurpose an existing building that is already owned by the City of Madison. The Fleet Services operations that currently occupy the building will be relocated in 2020. The Public Market creates a new use for what would otherwise be a vacant and obsolete structure
- **Building Characteristics** - The building's high ceilings, open clear span spaces, solid construction, and visible location make it well-suited to be repurposed as a unique Public Market that will be enjoyed by the community for generations to come. Further, reusing this existing facility is a more sustainable approach than building a new structure and sustainability features will be woven into the design.
- **Visibility & Multi-Modal Access** – The Public Market will be prominently located at a key gateway into the central City. The site sits on a high visibility commercial corner. The site is also served by 10 different bus routes and has seven-day per week bus services. In addition, the site is well-served by pedestrian and bicycle infrastructure. The Yahara Path provides access across the Isthmus and the Mifflin Bike Boulevard provides a connection downtown. This location is easily accessible from the Airport and I39/90 for out-of-towners.
- **Potential for Sales** – As part of the PPS Business Plan, the City commissioned a "Huff Gravity Model" analysis to evaluate different locations for sales potential. Based on population density and spending patterns of people within different travel time distances to the site, the analysis estimated that the selected site for the Public Market could achieve \$16 to \$20 million in annual sales. These sales estimates exceeded all other options being considered.
- **Potential for Value Added Output** - Clients in the Food Innovation Center are expected to produce merchantable intermediate and final food and related products for trade in wholesale markets or as commissary center style manufacturing to support auxiliary businesses. Using industry specific modelling provided by ACDS, LLC, the Food

Innovation Center expects its clients to produce \$382,000 in output value per employee.

- **Site Size** –The Public Market parcel is 3.5 acres. The vision for the Public Market is a place with bustling activity including events, wholesaling, and food processing. These uses need ample space for trucks loading docks, parking, etc. This site provides that.
- **Vendor Preference** – The City surveyed potential Public Market vendors on their preferred location, and vendors tended to prefer the near East Side.
- **Connection to parks, trails, and river** – The Public Market will be located adjacent to Burr Jones Field, which is a 5-acre city park. With a large city park adjacent to the Public Market, there will be opportunities for events, festivals, games, concerts, food cart rallies, pop-up markets, etc. that can both bring new activity and energy to Burr Jones Park and contribute to the success of the Public Market.
- **Proximity to the Yahara Riverway** – The Yahara River is just beyond the Park. The Yahara Riverway Corridor has been the subject of a separate City-sponsored planning process. Conceptual plans include the potential of a pedestrian promenade, boathouse, kayak/canoe access point, and plaza areas. This would connect the Public Market to the river and Madison's lake system.
- **Northside Food Corridor** – Stretching North from the Fleet Services site, the Packers/Pennsylvania Avenue corridor is another opportunity for projects and development that complements the Public Market. Largely industrial in character, this area offers opportunities for low cost food storage and processing space to serve businesses and organizations that would benefit from proximity to the public market but would favor lower cost, industrial space. As redevelopment plans for the Oscar Mayer site are developed, opportunities for connections to the Public Market will be explored. The Public Market site is uniquely positioned to connect the burgeoning Capitol East District with potential new activity at the Oscar Mayer site and adjacent areas. Community leaders on Madison's north side have embraced the idea of this part of the City become a Food Corridor, with more businesses and investments in food-related enterprise. It

should be noted that the FEED Kitchens (a shared kitchen incubator) is also in this area.

- **Capstone to the Capitol East District** - The Public Market site is the eastern entry to the City's Capitol East District. This area has been the subject of a multi-year economic development effort. The District extends from Blair Street to First Street along the East Washington Avenue Corridor. The District is in the midst of a significant transformation. City projections indicate that the Cap East District will see another 1,200 units of housing, 800,000 square feet of commercial space, and \$300 million in investment over the next 20 years. Creating the Public Market in this growing area will help the Capitol East District continue to blossom, and the Public Market will benefit from the growth and investment in surrounding properties.
- **Opportunity Zone** – The Public Market and FIC will be located within the City of Madison's Northside Opportunity Zone (Census tract 55025002100). The project expects to attract private investment as a result of business development activity that will be made possible through this facility.



The City's Fleet Services Building will become the home of the Public Market after Fleet Operations move to Nekoosa Trail. With its high ceilings, open spaces, and solid construction, the building is well-suited to becoming a unique Public Market.



Part 3 Building Program

The Public Market Building Program is the mix of uses that occupies space within the facility. The Public Market consists of the components listed below. The Floor Plan in the next section depicts how these components will be laid out on the property.

The Market Hall

The Market Hall will be the heart of the Public Market. It will occupy a large space that is currently one of the vehicle service bays of the Fleet Services building. The space will feature large overhead doors that lead into a vibrant space, filled with merchants featuring unique products. The Current plans for the market hall feature the following elements

A Place for Art, History, and Civic Story-Telling

The Public Market will include art, exhibit spaces, and opportunities for diverse civic story telling. One idea for an exhibit is to showcase the “*Stony the Road*” project. This project is an effort by a group of local citizen historians who are chronicling the rich history of Madison’s first African Americans who settled on the near east Isthmus. This story interweaves the history of the city, its rich African American history and ever-changing diversity.

The Public Market will include iconic pieces from local artists, and will weave local design into the furniture, fixtures, and finishes of the space.

- **Prepared Food Vendors** – The Market Hall plans include 12 prepared food vendor spaces in the market hall. These spaces will range from 200 to 600 square feet. They will include cooking ventilation hoods, utility access, public health approved sinks, cooking areas, and seating areas for customers. The potential tenants for these spaces include unique culturally diverse food vendors offered prepared food options to eat on-site or take home.
- **Non-Cooking Stalls** – The Market Hall also includes 11 non-cooking stalls that will range from 200 to 800 square feet. These spaces will feature a mix of food and non-food vendors that may include cheese, butcher, ice cream, value-added food products (jams, salsa, sauces, etc.), produce, and handmade craft items. The spaces will include utility access points, lightings, and some casework.
- **Start-up Stalls** – The floor plan for the Market Hall includes 6 stalls specifically designed to be leased to very early-stage businesses. The spaces will be 80 square feet and will be fully fit out with casework, display racks, lighting, utilities, etc. so that a vendor can occupy the space and begin doing business with limited cost.
- **Dairy Farmers of Wisconsin Showcase** – The Public Market includes a special partnership with the Dairy Farmers of Wisconsin. The Public Market will include a one-of-a-kind space located at a key location within the Market Hall that is sponsored by the Dairy Farmers of Wisconsin and

designed to highlight the best of Wisconsin dairy. The space will feature Wisconsin Cheese and possibly other dairy products and will “tell the story” of the importance of dairy to Wisconsin’s economy and culture.

The Entry Hall

This space within the Market will occupy the smallest of the three garage bays. It will be a key entry into the market. The space includes two large side-by-side overhead doors that will spill out onto an adjacent plaza area. The space will include a large anchor restaurant space, anticipated to be occupied by a local restaurant/brewpub operator. The space will also feature several vendors and a generous aisle spaces that can accommodate pop-up and temporary vending as well as seating areas. Smaller than the “Market Hall” the “Entry Hall” will be a unique and somewhat more intimate space within the market.

The South Hall (Flex Space at the Food Innovation Center)

The South Hall will function as a **multiple-use or flex space** that allows for a variety of activities. This space covers over 6,700 square feet and is designed to allow easy reconfiguration for a variety of activities including light manufacturing, product storage, aggregation, packing and sorting. The space can also accommodate storage of shared-use food processing equipment. Finally, the space can also be used for alternative activities such as temporary vending, special events, indoor farmers markets, craft fairs, banquets, weddings, and other community uses.

It is important to note that the South Hall is a major component of the **Food Innovation Center**, which is embedded throughout the Madison Public Market. It will be critical for MarketReady businesses and other startups looking to engage in or diversify into manufacturing for intermediated distribution.

Institutional Food: Opportunity for Growth

From hospitals, to schools, to colleges, to corporations, Madison has a large number of local institutions with food service operations. Working with local partners, the Public Market is interested in support programs and provide tools to connect local food with local institutions. As a large and flexible commercial kitchen with cooking and food prep space, the Market Kitchen can accommodate some of these uses.

Market Kitchen at the Food Innovation Center

Working with local partners, the Market Kitchen provides a vital piece of food-based economic development infrastructure for the Public Market and the broader community. The Market Kitchen will be a 1,200 square foot space. The Market Kitchen is the primary processing center and training facility for the Food Innovation Center. It can also be programmed during Market hours with guest chefs, restaurateurs, home cooks, and celebrities. It is designed so that it can be used by multiple processors in a single shift. Processing activities can also be extended into the flex manufacturing environment of the South Hall. The Market Kitchen can also be used as a training facility or as a catering kitchen to serve banquets and events in the Market. The Kitchen includes a wide “pass through” counter directly into the South Hall to facilitate its use an additional flex manufacturing space or as a means to support events in the South Fall.

The Kitchen will be a commercial-grade facility with a cooking area, nine food prep stations, dishwashing area, and cold/freezer area. The South Hall, as noted previously, is designed to be compliment and expand the processing and packing activities found in the Market Kitchen using flexible manufacturing techniques such as united and palletized processing modules. The processing areas are designed to accommodate a variety of uses including and will carry the necessary food safety certifications to meet USDA, FDA, and local health requirements for a wide range of processing uses.

Arts and Cultural Expression

Scattered throughout the market will be small spaces for local artists and for civic story telling. Spaces within the hall will feature curated local art or historical exhibits. Other exhibits and interpretive displays telling the story of Madison - its culture, its environment, and, in particular, its food and agricultural traditions – will be programmed as part of the market. Rotating art installations that build on the successful “Bubbler” project at the Madison Public Library are being explored as part of the project. In addition, given the site's proximity to the river and location on the isthmus, the Public Market will incorporate information and displays about the importance and health of Madison's lakes and waterways.

The focus of arts and cultural expression at the Market will be on celebrating diversity and under-represented communities in our region. Using storytelling through a variety of artistic and communication modes, there will be exhibits and art at the market to share the roots and history of Dane County's rich diversity, particularly around food, local agriculture systems, and the Public Market site itself.

For example, the market may include stories of the Ho Chunk Nation who had a large settlement just across the Yahara River, early African American settlers who first lived on Dayton and Mifflin Streets, Hmong farmers who enrich Dane County's food offerings and system, and Latinx settlers who help define our local food culture. The project will include artwork within the Market that is created by and connects with young people who are hopeful, excited about local food, and deeply invested in creating a healthy community now and in the future.

Outdoor Plazas

There are several outdoor plaza areas planned for the Public Market. These spaces provide different experiences and opportunities. The plaza spaces are designed to encourage people to meander around the area and into the adjacent park. The outdoor spaces will include amenities such as moveable seating and tables, buskers, attractive landscaping, and a variety of play features for children and families.

Parking

The site plan includes a 120-stall parking lot. This is consistent with the City's required ratio of parking space to square feet of commercial space and will meet the needs of the market most of the time. There may be certain days when the parking lot is full and parking will occur in adjacent off-site areas. The City will work on strategies to limited parking usage by encourage transit, walking, and biking to the market. The City is exploring partnerships to provide off-site parking for vendors.

Support Spaces

A series of support systems and services has been planned within the Market to facilitate the needs of all vendors in an efficient manner.

- **Market Offices** – The space includes an office area on the second level for the Market Executive Director and Staff. This

space will also be used for management of the Food Innovation Center.

- **Loading** – As with other operational aspects of the Market, the processes for delivering products to the Market and vendor set-up will be complicated and will evolve over time through the innovation and creativity of vendors and management. Vendors typically find ways to use any available door or opening that they can. One of the advantages of the Fleet Building is that it offers multiple ways to load in and out of the building and vendors will have a wide variety of delivery and servicing requirements. Vendors and clients have a wide variety of delivery and servicing requirements. A loading area will be provided to accommodate a variety of truck sizes. The exterior loading area will lead into an overhead door into a storage, trash, and service corridor. The Public Market operators will coordinate loading and deliveries. The priority is to provide infrastructure space for loading (indoor and outdoor) that is ample and flexible.
- **Trash and Recycling** – Vendors will be required to separate and bring all waste and recycling items to the centralized handling facility adjacent to the loading area. The trash area is large enough and designed to accommodate a collection system for organic waste (can be composted) cooking oil, fat, plastic, paper and cardboard. Separate bins or containers for each of these commodities will be supplied. Non-recyclable materials will go into an enclosed dumpster area with space for a compactor. The storage and trash areas will be designed for easy cleaning.
- **Dry Storage** – While some of the permanent spaces can store product within their leased or licensed premises, most of the smaller stalls will require additional storage. A centralized cold and dry storage facility has been planned in the same area as the loading and trash area. The public market design includes lockable storage units for vendors. These units will be a range of sizes and offered as an add-on option to leases. The design also includes a small locker room for vendors and storage to serve the needs of the overall market operations. Clients of the Food Innovation Center will have access to secured, access-controlled storage for frozen, cold, and dry goods that must meet stringent food safety and traceability standards.
- **Cold and Freezer Storage** – The market will include a shared walk-in cold storage and freezer area. These spaces will

include rollable/lockable shelving units that vendors can rent for their cold and freezer storage needs.

- **Utilities** – The market has been designed with a flexible utility grid providing electricity, water and gas to tenant spaces. As described previously, different types of vendors will have widely varying utility needs. For example, a meat vendor requiring extensive refrigeration or a BBQ vendor using a gas or electric grill as part of their space, will use far more power than a farmer selling tomatoes out of a box. Again, the design is focused on maximizing flexibility. The City and the Foundation are working on strategies to incorporate variable utility costs into the pricing model.

Part 4: Site Plan & Architecture

The final design process for the Madison Public Market is nearing completion. In 2018, the Common Council approved engaging Minneapolis-based architect MSR along with local firms Ken Saiki Design and Vierbicher to be the project's design team (Common Council Resolution File #54211). MSR is now working with the City's Economic Development Division and Engineering's Facilities Management team to complete the design work. This work is being overseen by the Public Market Development Committee in collaboration with the Public Market Foundation, the MarketReady Program, and other stakeholders.

As noted previously, the Madison Public Market will be located at 200 N First St (corner of N. First and East Johnson). The City's Fleet Service division currently occupies the site. Due to Fleet's growing need for an updated facility, the City is in process of building a modernized Fleet facility to be located on Nakoosa Trail. Construction of the facility is anticipated to be complete by Fall of 2020. Upon completion, 200 N First St. will be fully vacated, then adaptively repurposed to accommodate Madison Public Market.

Designing for Equity

The City's Racial Equity and Social Justice Initiative (RESJI) team analyzed the Public Market project. One of the recommendations from this analysis is that the physical space needs to be designed to be equitable, inclusive, and welcoming. The City and its architects have conducted workshops on how to accomplish these goals. Ideas from these workshops have helped shape the site plan, color palette of the building materials, public arts plan, layout of vending stalls, and other aspects of the design.

The design is driven by the Public Market Building Program described previously. The goal of the design is to create a Public Market that is financially viable and that fulfills the overall objectives of the project. With this in mind, there are several key principles and philosophies guiding the design.

Design Principles:

- **Beautifully Simple** – The design vision for the Public Market is for an authentic, welcoming, community-oriented market. It will be a “working market” that is accessible to the community and affordable to vendors. The design deliberately avoids excessive adornment, expensive materials, or other design elements that distract from the market's purpose. The building is designed with affordable and durable materials to create a simple building designed to last.
- **The Vendors, Products, and Activity are Main Attraction** – The Public Market building should have sufficient signage and architectural interest to invite visitors. However, the building is the backdrop as the products, the vendors, the people, and overall activity of the space form the main

event. The heart and soul of the Public Market will be the vendors, the customers, and the ever-changing bustle of the place.

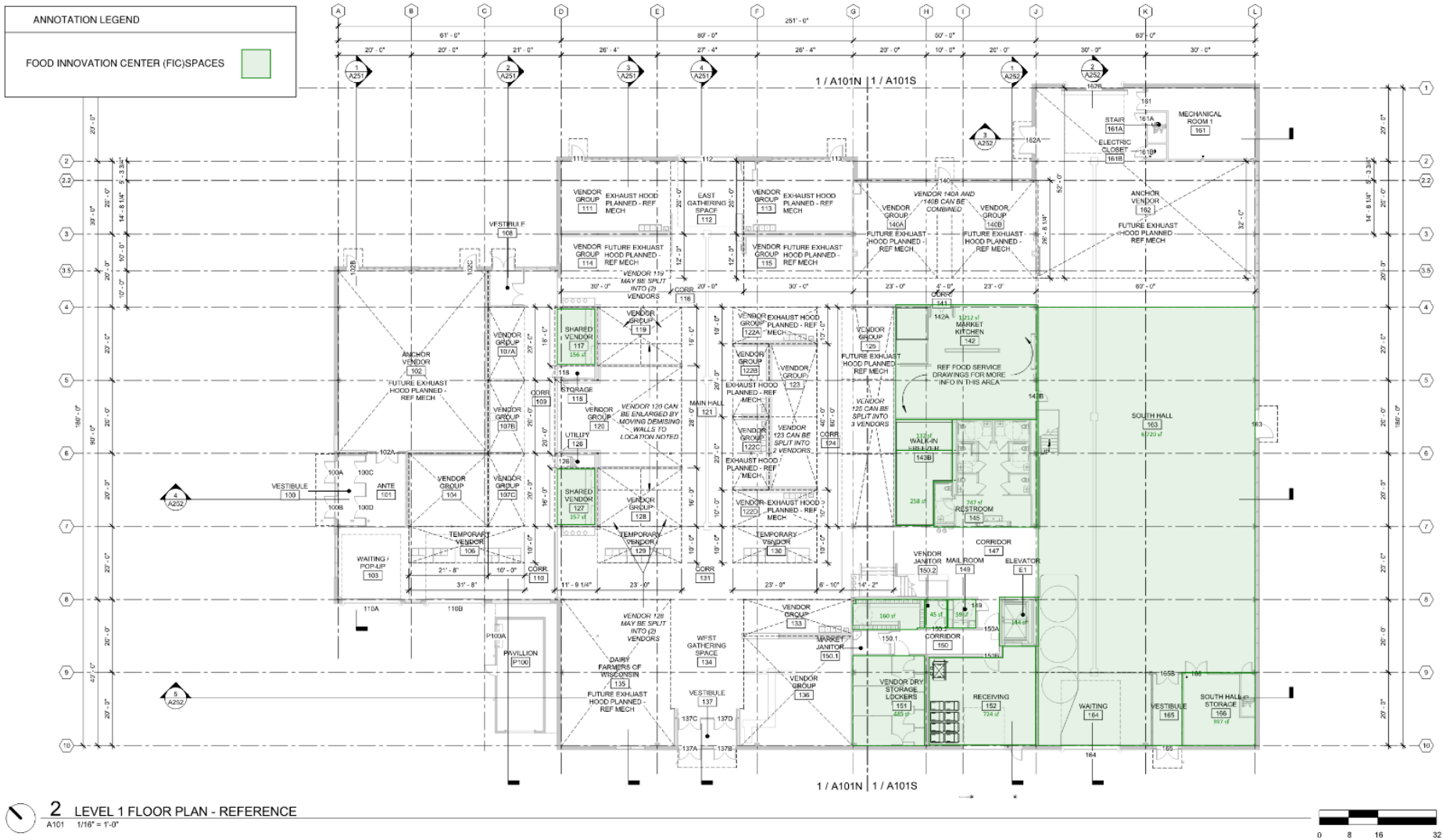
- **Inclusive and Welcoming** – The City conducted a detailed Equity Analysis of the Public Market as part of the Business Plan. One of the resulting recommendations is that the texture of the physical design of the market is welcoming and inclusive. The City subsequently held workshops and worked with the architecture team on how to achieve equity in the market's design.
- **Mix of Indoor/Outdoor Places** – There will be several outdoor plaza areas on the Public Market site. The design encourages blending of indoor and outdoor spaces with large overhead doors and market activity that spills out into the plazas.
- **Flexibility** – One hallmark of Public Markets is that they evolve over time. The design emphasizes flexibility and adaptability to allow for changes to occur. The Food Innovation Center demonstrates the Market's commitment to providing a flexible environment for the City's food entrepreneurs to flourish. Embedding the FIC into the Public Market ensures that microenterprises will have competitive and flexible opportunities to develop, test, and produce products while connecting with customers.
- **Sustainability** – The Public Market will be a model of sustainable design. By ordinance, all City of Madison facilities are required to achieve a LEED Silver rating or better. In addition, the City of Madison recently adopted a goal of becoming 100% renewably powered at all City facilities. The City has begun discussions with Madison Gas & Electric (local energy utility) about sponsoring a rooftop solar installation at the Public Market, as well as incorporating heat recovery systems and other energy technologies. In addition to incorporating sustainability features, the Public Market will include educational displays explaining the sustainability technologies that are incorporated into the building.

The complete package of architectural materials are available and can be requested from the City of Madison. The following provide several key images of the site plan and floor plans.

Floor Plan

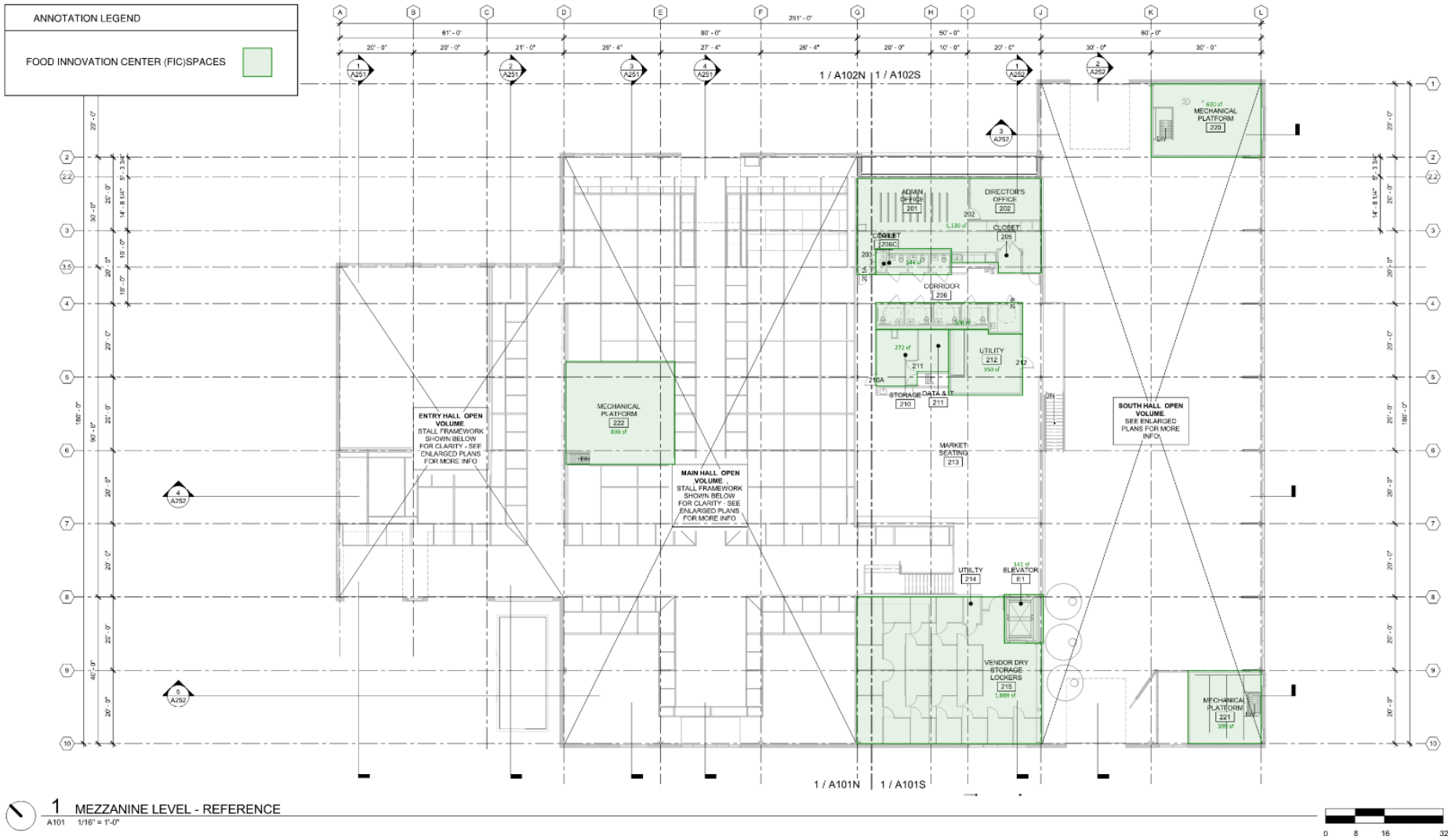


Food Innovation Center Floor Plan – Level 1

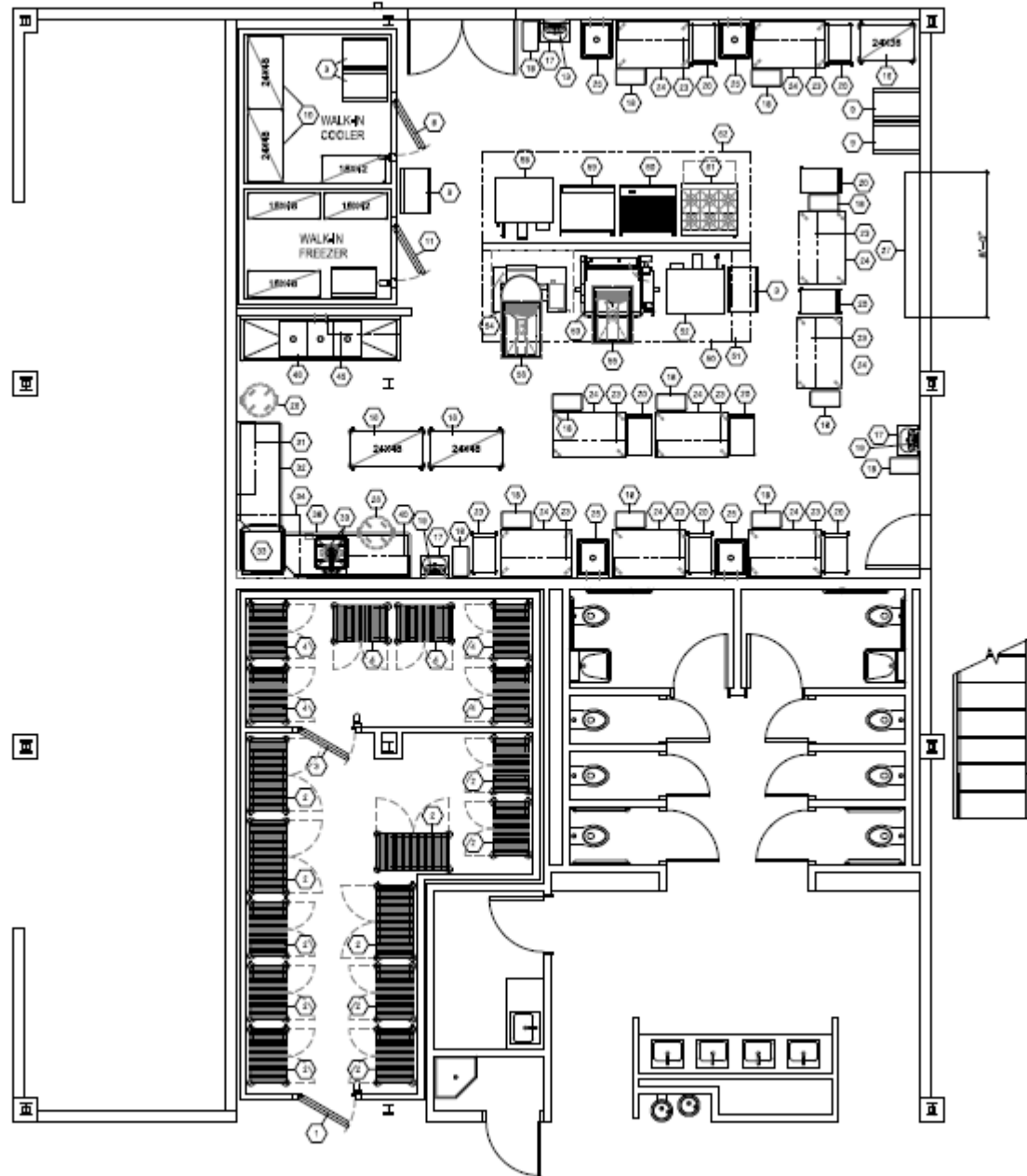


2 LEVEL 1 FLOOR PLAN - REFERENCE
A101 1/16" = 1'-0"

Food Innovation Center Floor Plan – Mezzanine Level



Market Kitchen Layout

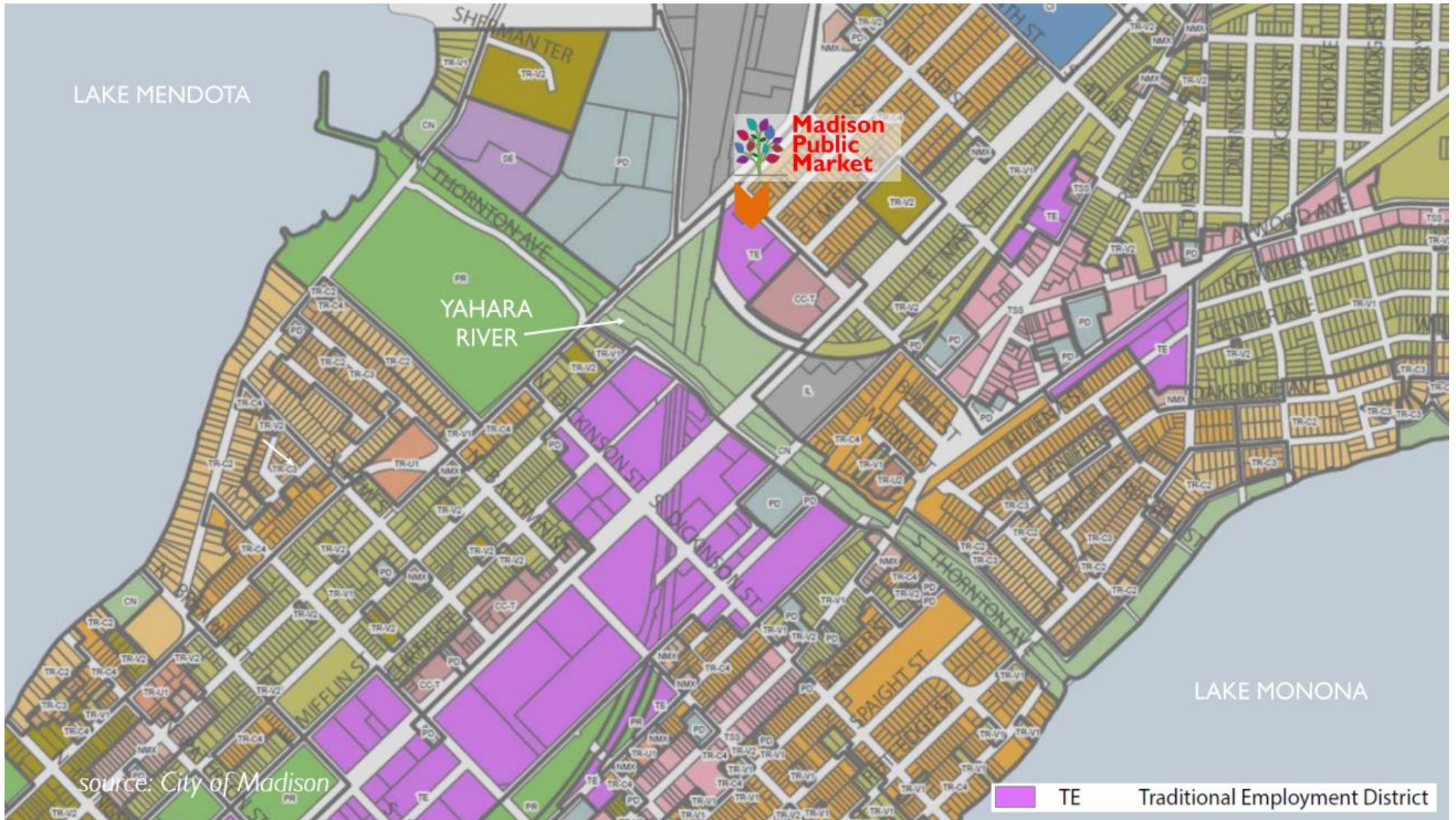


location: view from capitol

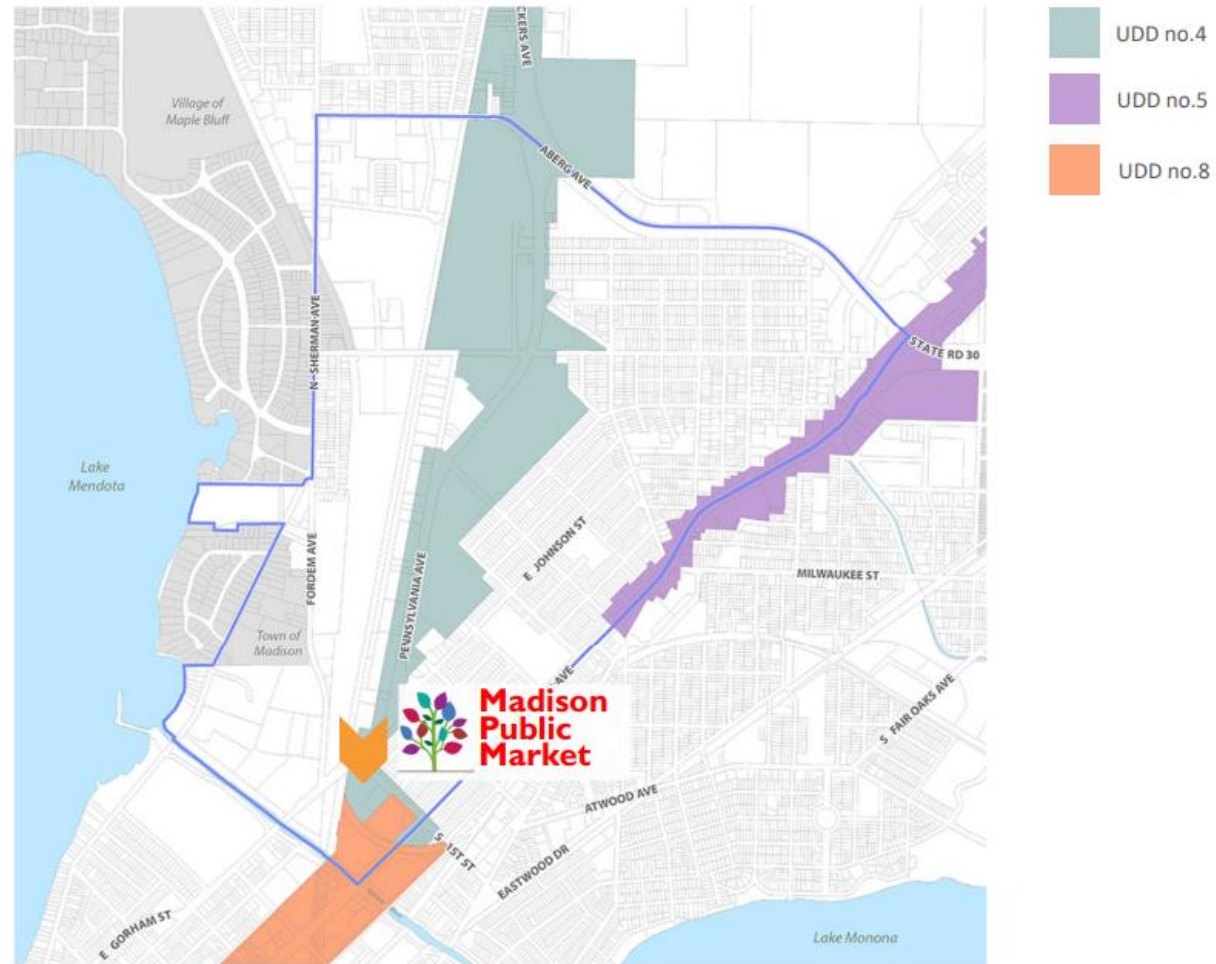


source: *City of Madison Capitol Gateway Corridor Plan*

location: zoning districts



location: urban design district no. 4



source: City of Madison Comprehensive Plan, Adopted 2018

location: bike paths



source: City of Madison

Part 5: Capital Budget

The City and the design team for the market are producing multiple cost estimates for the project as the design is being finalized. The budget for the project is \$16.1 million and the estimates show that the project's design goals can be achieved within that budget. Cost estimates are being prepared by MSR in conjunction with Middleton Construction. The estimates are conservative and build-in contingencies, inflation adjustments, and other factors to ensure that the project as designed can be delivered within the available budget.

The primary capital cost will be the design and construction of the public market building. The Public Market Foundation will contribute \$2.5 million toward the construction costs out of a total fundraising goal of \$4 million. This additional \$1.5 million will provide a reserve fund to cover operating expenses during the first several years of operations, before the market achieves the break-even point.

Total Project Cost

The Public Market \$16.1 million project.

Summary of Total Project Costs

Administrative and legal expenses	\$710,699
Architectural and engineering fees	\$1,773,692
Land Costs, Site, and Parking Improvements	\$1,880,931
Construction	\$8,043,282
Equipment	\$1,234,126
Contingencies	\$1,469,653
Startup Costs	\$250,000
Working Capital for first years of operations	\$700,000
TOTAL PUBLIC INVESTMENT	\$16,062,383

Funding Sources

Primary Sources:

- **City of Madison Capital Budget** – The current adopted City of Madison capital budget identifies the Madison Public Market and will support the project with \$7.0 million in Tax Increment Financing (TIF) within Tax Increment District (TID) 36.
- **Fundraising Campaign** – The Madison Public Market Foundation has launched a campaign to raise \$4 million for the project. Of this, \$3.0 million will be provided for the capital cost of building the Public Market. The remaining balance will create an operating reserve for the Foundation to cover any needs for the first several years of operations.
- **EDA CARES Act** - The City and the Public Market Foundation are seeking \$5.5 million to launch the Food Innovation Center. This funding covers construction and equipment costs related to the FIC.
- **State and Federal Grants** – In addition to the three sources identified above, the City is also monitoring opportunities to offset the project costs with state and federal grants.

Part 6: Governance

The Public Market requires an adept and flexible governance structure that is focused on financial viability, while also safeguarding the unique public mission of the project. The City of Madison will maintain ownership of the building while the Public Market Foundation operates the market as an independent non-profit organization. The Foundation is governed by a Board of Directors and the market will be run by an Executive Director and professional staff that will be hired in 2020.

The following describes the roles of key organizations in the governance and operations of the Public Market:

City of Madison Role

As the process of developing the Public Market moves forward, the City will continue in a leadership role, spearheading the

project's funding, design, development, and construction. The City's Public Market Development Committee (PMDC) serves as the public body that is providing leadership and oversight of the project. The PMDC meets monthly in an open public meeting. All final decisions on the project's budget and development will continue to work through the City's public processes with approval from the Mayor and Madison Common Council. The City's Economic Development Division staff provides support to the PMDC and overall project coordination. The City's Engineering Facilities group is managing the design and construction process.

The City already owns the property and will continue to own it in perpetuity. The Operating Agreement between the City and the Foundation will ensure that the market is maintained and operating in accordance with the community's expectations. From a funding perspective, the City is the lead capital contributor to the project and will continue to pursue state and federal grant support. Once the Public Market opens and the non-profit takes over management and operations, the City will continue to be involved as a member of the Board of Directors and will exercise oversight as the owner of the property. The PMDC will likely dissolve once the Public Market is under construction. Members of the PMDC could transition to serve on the Board of the Public Market Foundation.

Madison Public Market Foundation Role

The Madison Public Market Foundation was launched in spring 2017. It has incorporation documents, a Board of Directors, a website, thousands of email subscribers and social media followers, and has secured 501c3 status.

The initial focus of the Public Market Foundation is leading the capital campaign to raise funds from the community. Thus far, the Foundation has raised over \$1,000,000 for the project. As the project gets closer to ground breaking, the Foundation's role as the operator will expand. Again, the plan is that the Foundation will hire the professional market operations staff in 2020 to manage both the Public Market and Food Innovation Center.

Collaboration Agreement

The City of Madison is leading the effort to fund and construct the Public Market, which includes the Food Innovation Center. As a major public investment, the City will retain ownership of the facility. The Public Market Foundation will be the operator of the facility, handling things like leasing, licensing, marketing,

maintenance, programming, etc. In 2018, the City and the Public Market Foundation entered into a Collaboration Agreement to formalize their partnership in the development phase of the project. The Collaboration Agreement was the first step in establishing a formal partnership between the City and the Public Market Foundation. The agreement included terms related to the responsibilities of each party prior to construction of the market. It established that the City and the Foundation would work together toward designing, funding, and constructing the Market. The Collaboration Agreement was approved by the Foundation Board of Directors and the Madison Common Council.

Operating Agreement

The Operating Agreement will be a more detailed agreement between the City and the Foundation to establish the terms and process for how the City will transfer operational responsibilities of the Public Market to the Public Market Foundation and how the City will oversee operations in the long term. This operating agreement is the contractual basis for the success and growth of the Market and includes:

- Standards of maintenance and security
- Standards of efficient and cost effective operations
- Goals for self-sufficient operations
- Goals for growth and development of the market
- Goals for raising funds
- Goals for social and economic inclusiveness
- Reporting requirement to the City on operations
- Financial management processes
- Vendor selection and leasing processes
- Performance measures and expectations

The overarching goal of the operating agreement is to ensure a successful partnership between the City and the Foundation in the operations of the market. The City needs assurance that its investment will be protected and that the Foundation will operate the Market in accordance with the City's expectations. The Foundation needs assurance that it will be given the flexibility and authority to make necessary operational decisions to ensure the success of the market as a place of businesses. The Operating Agreement will be a critical document to establish this partnership.

Part 7: Market Merchants

Vendors are the heart of the Public Market. More than anything else, the process of recruiting and selecting vendors will determine the character and success of the Public Market. Over the last five years, the City has led a thorough and deliberate process of identifying and cultivating potential vendors. This process included several vendor surveys, focus groups with different types of vendors, and one-on-one outreach.

What are the rules for vendors? Will everything be local?

The Public Market Operator will establish specific criteria for vendor selection. The goal will be to fill the Public Market with local entrepreneurs and farmers who grow or make their products. That said, the operators will maintain flexibility and adaptability. They will strive to select vendors that are consistent with the spirit and mission of the market. The objective is to encourage entrepreneurship and strengthen our food system, not necessarily to follow strict rules. For example, an entrepreneur may want to have a smoothie stand in the Public Market. The operators of the market might be comfortable with him using tropical fruit as an ingredient even though it isn't grown in Wisconsin. However, they may also work with that vendor to connect with a local dairy who could supply locally-made yogurt.

There are currently over 200 businesses that have completed the City's Vendor Interest Questionnaire to express their interest in operating within the Public Market. This pool represents a wide range of product types and levels of experience. Some are well-established local businesses interested in the Public Market as a new location to grow their enterprise, others are startup entrepreneurs with nothing more than a rough concept for a Public Market business. Several prospective vendors are interested in a larger space for a restaurant, a bakery, a larger retail space, or some type of food production facility.

The Public Market Operator (PMO) will ultimately manage the process of recruiting and selecting vendors. Drawing from the businesses who have completed the vendor interest questionnaire and others, the PMO will work to achieve an appropriate mix and balance of vendors that results in a dynamic and diverse public market.

The criteria used to select vendors will include:

- **Products** – *Is the product interesting, unique, and contributory to the appeal of the market?*
- **Equity Goals** – *Do the vendor and products contribute to the project's equity goal of being a place for inclusive and diverse entrepreneurship?*
- **Price** – *Does the vendor price items competitively and accessibly?*
- **Personality** – *Vendors, and their employees, must enjoy people and be upbeat and courteous.*
- **Reputation** – *Does this vendor have a positive standing in their community and will their presence in the market help to build the customer base and garner publicity?*
- **Service** – *Does the vendor understand how to present himself or herself and treat people attentively?*

The MarketReady Program

MarketReady is a training, coaching, and small grant program focused on developing Public Market vendors. 83 applicants have applied to the program. The program will be implemented over the next two years. The MarketReady program is focused on creating and supporting diverse entrepreneurship.

MarketReady Applicants:

- 59%** Female
- 29%** Immigrants
- 62%** People of color

- **Knowledge** – Does the vendor have a deep understanding of their products and can they credibly answer customers' questions?
- **Commitment** – Is the vendor willing to do what it takes to make their business succeed?
- **Presentation** – What sort of merchandising techniques will the business utilize?
- **Innovation** – Will the vendor provide customers with updated products and merchandising?
- **Competitive Strength** – Does the vendor have an understanding of their competition and how they will be able to achieve and gain market share?
- **Business Plan** – How much are they willing to invest and what are their sales projections?
- **Local and Authentic** – Is the product grown or made in the Madison region and using local ingredients?

MarketReady Program

The City has launched the MarketReady Program in 2017 to support the development of Public Market vendors and contribute to the Public Market's mission of being a place that creates opportunities for diverse entrepreneurship among diverse populations.

The City has seeded the program with \$250,000 in funding and is working with FEED Kitchens, WWBIC, and Dane County Extension to implement the program. The program is providing training and technical assistance focused on topics potential Public Market businesses will face such as, preparing a business plan, getting required licenses or permits, preparing a marketing plan, purchasing supplies, etc.

Space Arrangements and Stall Design

Selected Public Market vendors will work with the Foundation to identify a specific space within the market that meets their needs. The Foundation is working with the architecture team on the overall layout of the market. The floor plan for the market is designed to align with the needs of potential vendors as expressed through the vendor interest questionnaire and detailed interviews.

The interior of the Market Hall will include some vending stalls and storefronts that are pre-designed and move-in ready for vendors. These spaces will need signage and a few custom finishes installed by the vendors. Other vendors may receive a tenant improvement budget from the Foundation to design and install

their own customized space. These custom spaces will be guided by Tenant Design Criteria guidelines created by the PMO and the project's architects. Some spaces will include cooking exhaust hoods and/or walk-in cooler spaces for merchants that require this equipment. All vendor spaces will have utility access (water, electric, plumbing) as well as lighting, demising walls, and other infrastructure.

Leasing and Licensing of Space

Allocation and assignment of space and equipment use in the Public Market will be a critical task performed by the Foundation.

The mix of merchandise and types of vendors will define the market more than anything else and will require that the Foundation offer variable terms for the different user bases.



MarketReady Participant Jasmine Banks with Perfect Imperfections

The first steps with use agreements are to prepare some materials such as a brochure that defines the types of uses and access needs that will determine whether a lease or licensing agreement will be used, denotes these spaces on a site layout, and answers questions about costs, timing and other logistics. These marketing materials can be used to guide follow up conversations with the 200 vendors who have completed the vendor interest questionnaire.

The next step will be to prepare a lease or license document. The PMO staff will work one-on-one with each vendor to finalize and execute use agreements.

Use Agreement Components

The PMO will work with outside legal support and a commercial broker to prepare leases and license agreements for vendors and FIC Clients. Some of the considerations that should be part of the leasing process include:

- *Rates* – Rental costs for all spaces
- *Terms* – Length of leases offered to tenants
- *Tenant Design Criteria* – A process of submitting the design of a stall for review and approval
- *Tenant Improvement Dollars* – Each tenant will be given a location in the market. This location may be a move-in-ready

stall or a raw space. Depending on what type of space a vendor is renting, the Foundation will negotiate providing tenant improvement dollars to the vendor to outfit their space.

- *Hours/Days/Seasons* – The market has been designed so it can be open for different uses at different times. The initial strategy is to have core hours for all market tenants with an option for longer hours in certain areas as illustrated in the market drawings. The lease should establish the required hours for each vendor to be open. FIC clients will have 24-hour access to the facilities and may only work within certain seasonal or day of week limits
- *Add-ons* – Agreements may include add on fees for features such as storage area rental, access to the market kitchen, use of specialized equipment, access to specially trained personnel, and allocation of space within the shared cooler/freezer space.

Part 8: Entrepreneur Pipeline & Programing

One of the goals of the Public Market is to support startup and early stage businesses, provide them an opportunity to develop their concept and expose them to customers, and ultimately enable them to grow out of the Public Market and into a larger space or other formats. Not every Public Market vendor will follow this trajectory – some vendors may stay in the Public Market for decades, becoming cherished destinations that anchor the facility. Others will use the Public Market as a springboard to grow their business beyond the Public Market. This opportunity for the



MarketReady Participants Yakub Kazi and Nausheen Qureishi with Ember Foods

Public Market to be a launch pad that accelerates high-growth businesses out of the Public Market can have a large economic development impact – creating jobs and tax base as these businesses mature into larger companies. Having businesses grow out of the Public Market also brings turnover that adds freshness and excitement to the market.

From an economic development perspective, one role the Public Market will play is to maintain a core group of successful vendors who can sustain a family-supporting business at the Public Market. Some vendors will become permanent fixtures at the Public Market

for generations. These vendors will give the market a sense of permanence, familiarity and tradition. However, another economic development objective is for the Public Market to be a place where businesses can test a concept, get traction with their product, scale-up, and eventually outgrow it. This process of startup, growth, and expansion at the Public Market, creating turnover in the space and accelerating the growth of businesses in this sector amplifies the economic power of the project.

For example, a vendor at the Public Market who makes and sells a unique value-added food product could have a space at the Public Market and create a customer base. Over time, their product could grow a regional and possibly national following. As the product gets larger orders and shelf space in national groceries, they may need to scale up to the point where they

need a manufacturing facility that they build or lease space within one of Madison's industrial areas. Another vendor who is a budding chef who offers a unique menu of prepared foods at the Public Market might eventually grow to have multiple restaurants in Madison, and eventually open restaurants in other cities.

The intent will be for the Public Market to be accessible to multiple different types of vendors and facilitate opportunities for businesses to scale up. For some, this may simply mean taking on a larger space at the market and becoming one of the anchor draws of the facility. For others, it may mean moving out of the market entirely. As with any enterprise, some entrepreneurs may discover that their business concept simply is not viable. The Public Market can be a place to follow the mantra of technology entrepreneurship and "fail fast/fail cheap" to avoid the personal financial damage that often accompanies owning an unsuccessful business.

The process of vendors coming into the Public Market, developing a business, testing their concept, scaling up, and eventually maturing as local companies fundamentally consists of two areas of focus:

The Front-End: Vendor Cultivation and Support

On the front-end of the process, the City and the Foundation will continue to work with individual entrepreneurs and partner with



Marketready Participant Morena Taylor with Madre Yerba

local resources to help businesses start within the Public Market. The MarketReady Program is currently the primary vehicle for vendor development and support. As described previously, the program is working with 30 early-stage entrepreneurs interested in being in the Public Market. These individuals are going through a custom business training program. At the end of the training, they will be eligible to compete for startup capital and space within the market. The MarketReady Program is in its pilot stage with its first cohort of participants. The City and the PMO intend to institutionalize the

MarketReady Program as a core function of the Public Market. In addition, as the Public Market comes online, the City and the PMO will layer on additional programs and services focused on supporting startups at the Public Market.

The Back-end: Scale-up and Move-Out

Having a strong front-end process to cultivate startup vendors and help them launch their businesses is an important economic development function of the Public Market. Equally important is to create systems and processes that help Public Market businesses scale and ultimately move on to new types of space.

Business support at the Public Market will go beyond providing resources to help entrepreneurs get started. The City and PMO will facilitate programming, support, and connections focused on businesses moving beyond their startup phase, scaling-up, and maturing. Working with partners in the community, the PMO will connect public market businesses with high-growth potential to resources to provide them with capital and access to markets.

Public Market and FIC Business Acceleration Strategies:

The PMO will deploy several strategies to achieve this combination of a strong front-end process that brings a pipeline of startup businesses into the Public Market as well as a strong back-end process that helps businesses mature-out.

- 1) **Coordinated Life-Cycle of Business Services** – The Public Market will provide a package of ongoing business services for vendors. This starts with the MarketReady Program and other efforts focus squarely on finding, developing, and supporting talented and committed entrepreneurs with a dream of starting a business. Going beyond the startup phase, the Public Market will build in programming to support businesses as they face the challenges of growth – things like hiring their first employees, developing their brand for national audiences, finding contract manufacturers, dealing with logistics challenges, dealing with expanded regulatory challenges, etc. Working with local financial institutions and organizations, the Public Market will also connect businesses with capital to help them accelerate their growth. This includes things like support with negotiating the receiving end of a buyout. To provide this coordinated package of life-cycle services to businesses, the City and the PMO will work with a variety of local partners including the WWBIC, the UW Small Business Development Center, the UW Law and Entrepreneurship Clinic, StartingBlock Madison, Madison Development Corporation, and others.

- 2) **Flexible Use Agreements** – As stated previously, the Public Market and FIC will have several long-standing businesses that become treasured anchors of the facility for decades. However, it will be the policy of the PMO to limit use agreements in the Public Market and FIC to three years. All initial agreements and extensions will require the approval of the Foundation Board. This will be a tool for the Foundation to maintain oversight and control over the mix and balance of vendors, to maintain anchors, and to encourage turnover.
- 3) **Annual Consultation** – In addition to regularly renewing agreements, every business in the Public Market and FIC will be required to have an annual consultation with the Market's Management. This will be an opportunity for the vendor and the management to check in, discuss how the business is performing, and talk about the long-term plans of the business owners. For some, these conversations may lead to the Foundation supporting the businesses next phase, which may involve exiting the market to move into a new space. This will be an opportunity for the Foundation to facilitate connections between the business and other resources and opportunities.
- 4) **Open Books** – Vendors at the Public Market and FIC will be required to share their financials with the Public Market Management. As described previously, a portion of rents will be determined by a percentage of sales so the management will automatically be getting sales data on a regular basis. In addition, vendors will share all financial information with the Foundation and the Foundation will facilitate connections to outside professionals who can review this information and provide feedback and guidance to the businesses.
- 5) **Internal Mentoring** – Internal peer-to-peer mentoring by vendors often happens organically at public markets. As businesses sharing space within a facility, business owners will naturally share ideas, learn from each other, see what might be working at one market stall and adopt a similar strategy. The Public Market and FIC will strive to not only allow this to happen naturally, but to facilitate mentoring relationships between well-established vendors and startups.

6) **Connections to Post-Public Market and FIC Opportunities –**

The Foundation, and its partner organizations, will serve as a conduit to information and resources that can help vendors make their next move. To build this into their operation, the Foundation will do things like:

- Host information sessions with commercial brokers to talk with vendors who may be considering a next move and share information about the commercial real estate market, track potential space, study rents, etc.
- Host information sessions with lenders to talk to vendors about how to finance and manage growth
- Host food industry trade shows and events to facilitate connections to national buyers
- Provide resources with relevant municipal information related to opportunities for growth, expansion, diversification of a food business – things like zoning, public health, alcohol, and street vending rules and regulations.

The Public Market and FIC are different from traditional business incubators and accelerators. If successful, they will be an important platform that incubates startup businesses in the community and also accelerates businesses to higher levels of success. The Public Market will not have an explicit policy limiting the duration of time a vendor can stay. However, the Foundation will emphasize helping vendors grow their businesses and help connect them with the next opportunity.

Some businesses will open at the Public Market or FIC and operate family-supporting businesses that stay there for a long time, while other businesses will use the Public Market and FIC as a springboard to new opportunities. This function of the Public Market and FIC amplifies the economic impact of the project. Rather than the economic development benefits of the market being confined within the building itself, the Public Market and FIC will ultimately be processes that creates a pipeline of experienced businesses that fill empty storefront retail spaces, start restaurants, create new food carts, occupy industrial parks, and create jobs and tax base across Madison.

Part 9: Market Operations

Operating Hours

The overall flexibility of the Market and different types of vending opportunities will allow the Market to establish operating hours that are also flexible. The precise schedule will be set before construction begins through conversations with tenants and the actual mix of merchandise. The pro forma is based on an assumption that the market will be open five to seven days per week.

The schedule must be very carefully considered, so the Market's businesses are not burdened with additional operating expenses without the commensurate increase in revenue.

There does not seem to be a magic rule for the ideal number of days for a market to be open. For example, Borough Market, one of the London's main fresh food markets, is fully open four days a week and is partially open Monday, Tuesday, and Friday. Most of the large public markets in the US are open at least five or six days a week. There are exceptions, and some are only open three or four days per week.

In general, the permanent vendors in Madison's Public Market should be open for the most hours, with some having the option to be open whenever they wish beyond the Market's core hours, particularly those that are producing value-added products, such as bakeries. The same concept would apply to the anchor restaurant/café spaces that could open early for breakfast and close late after dinner. The floor plan is designed to maximize flexibility and build in the opportunity for this type of variation in hours of operations for different types and scales of businesses.

The Market Hall will, in large part, define the core market experience with open stalls, abundant displays and ease of circulation. The hours for the Market Hall should be chosen for consumer convenience first and vendors second. The anchor merchants on the perimeter of the market will be able to set variable hours, but this will need to be coordinated by the Market Management. The South Hall will hours will largely depend on what is happening that day. If it's a pop-up markets, a community event, a concert are all possible activities in the South Hall which will determine when it's open.

There are many other options available, like keeping different hours depending on the season. Whatever Market management decides, the schedule must be clearly communicated to the public.

Pro Forma

The capital costs needed to build the Public Market are examined separately and identified in the budget provided earlier in this document. The pro forma looks at the operating costs and revenues of the project. The primary source of revenue to the Public Market will be renting spaces to vendors and tenants. Some revenue will also come from events and perhaps ongoing sponsorships. The primary expenses will be the day-to-day and year-to-year costs of running the market – staffing, maintenance, etc. Though the Madison Public Market will be a place where the individual small businesses in the market can succeed, earn profits, and support their families, the market itself will be operated by a non-profit and is not expected to turn a profit from its operations. One of its goals, however, is to achieve operational sustainability with revenues roughly equal to expenses.

This pro forma shows rent and expense levels that will enable the market to break even operationally by year four. The cumulative operating losses for the first few years are included in the start-up costs and have been factored into the capital costs to develop the market.

Income Sources

The goal of the Public Market is to achieve a break-even point where incomes cover operational costs. It will take a few years to achieve this break-even, so the capital budget includes operating capital to cover losses during the first three years. The City, the PMDC, and the Foundation, are confident that the market will be financially viable in the long run. A key factor to achieving this is that the Public Market will not have a debt service payment on its capital. As described previously, the project's capital will come from the City, state/federal grants and tax credits, and donations. This will allow the market to operate debt-free with no debt services payment.

Vendor Rents

The majority of the market's income will come from rents charged to tenants. The ability of vendors to pay rent will be driven by sales. As such, the core essential ingredient to the success of the

Public Market is that it includes sufficient gross leasable area (GLA) and generates sufficient and consistent traffic for the businesses in the space.

Hybrid Rent Structure ("10-10-5")

As the project gets closer to construction, The Public Market operator will negotiate leases with each individual vendor and each one will be different.

The overall structure will be a hybrid of a base rent per square foot of occupied space, a Common Area Maintenance fee, plus a percentage of sales.

As a starting point, the Public Market will establish a benchmark of 10/10/5.

Base Rent: \$10/SF
CAM: \$10/SF
% of Sales: 5%

Rent structure for the Public Market will be somewhat different from a traditional retail space. Within the Public Market, vendors will just rent their individual spaces and will not pay for aisles, bathrooms, service areas, entrance vestibules, etc. Because of this, each vendor will rent a relatively small space, but the rent per square foot will be relatively high.

Rents will also vary by vendor type. Some tenants will be required to pay more and some less. In general, rent rates are higher for tenants who sell more prepared foods, which have a higher sales margin. Tenants who only sell fresh foods will likely pay a lower rent. Other businesses may be hybrids, offering prepared foods as well as fresh food.

Common Area Maintenance

CAM is the portion of the operating costs that are rebilled directly to public market tenants to allow the project to break even. CAM is standard in nearly all public markets today; most markets pass through a portion if not all of their common area charges in one way or another. In some markets the base rents cover the common area and/or all expenses to operate the market. The common area charge should be adjusted annually based on actual expenses, and each year these charges should be adjusted in the tenants' use agreements. For instance, if garbage costs or utility rates rise, additional expenses should not be borne by the Foundation.

Rent Starting Point ("10-10-5" Benchmark)

The Public Market will use a hybrid rent structure that includes a base rent per square foot, a base Common Area Maintenance (CAM) charge per square foot, and a percentage of sales. The base rent is to provide a somewhat stable source of revenue for the operating entity, the CAM will vary year-to-year and cover various operating and marketing costs, and the percentage rents will create a mechanism to ensure that rents are somewhat related to sales and therefore proportional to each vendor's ability to pay.

The Foundation will work with each vendor to negotiate use agreements. The rent structure will need to be sensitive to the differing sales volumes of different types of vendors, while also

ensuring that the facility earn sufficient revenue. As with any commercial leasing process, the operator will need to negotiate specific terms that are unique to each individual business. The terms, conditions, timeframes, improvement stipends, rents, and other factors will vary from one use agreement to another.

How this Rent Structure Will Work for Vendors

As noted, each vendor will negotiate its own use agreement with the PMO. The “10-10-5” benchmark is simply a starting point for those discussions.

Based on the previous version of the business plan, analysis of commercial real estate in Madison, and ongoing and detailed conversations with potential vendors, the “10-10-5” benchmark is a viable starting point for developing rent estimates for the project pro forma.

The following chart examines how this rent structure impacts three different types of Public Market businesses.

Gross Leasable Area (GLA)

The final floor plan of the Public Market is still being designed. The precise number and size of vendor stalls is still being determined. The current configuration includes 30 individual vendor stalls ranging in size from 80 Square Feet to 2,000 square feet. The total anticipated GLA of stalls is approximately 15,000 square feet.

Examples of How Operating Structure and Rents will Work for Businesses			
Business	Large Bakery	Mid-Size Butcher Shop	Small Produce Vendor
Description ¹	Large bakery with production facility in back and retail storefront in front	Butcher shop with a large counter offering a wide range of locally sourced meats	Small vendor selling locally-grown produce or food product from a small market stall
Square Feet of Leased Space ²	2,000	500	100
Annual Sales PSF ³	\$400	\$600	\$750
Total Annual Sales	\$800,000	\$300,000	\$75,000
Average Daily Sales ⁴	\$3,077	\$1,154	\$288
Base Rent (\$10 PSF)	\$20,000	\$5,000	\$1,000
CAM (\$10 PSF)	\$20,000	\$5,000	\$1,000
Percentage Rent (5%)	\$40,000	\$15,000	\$3,750
Total Rent	\$80,000	\$25,000	\$5,750
Total Rent as % of Sales	10%	8%	8%
Effective rent PSF ⁵	\$40	\$50	\$57.5

¹ Representative examples of businesses who are among the 200 that have completed the project's vendor interest questionnaire

² Conservatively reflects size of space vendors are seeking

³ Conservative estimate based on comparable sales volumes for retail space, loosely based on Urban Land Interest's "Dollars and Sense of Retail Trade Report"

⁴ Based on 260 operating days per year

⁵ Effective rents/SF each vendor will pay. Rates are well above market price but include the use of common areas

Other Sources of Income

South Hall and Storage Facilities (Food Innovation Center)

The South Hall encompasses a 6,700 square foot space that provides space for light manufacturing, product storage, aggregation, and packing and sorting. Additionally, there is about 2,987 square feet of dry, cold, and freezer storage space that is available for users.

Revenue is generated through licensed use of space and equipment. Licenses are offered on variable terms for different user bases.

Additionally, income is anticipated from large users (e.g. REAP Food Industry Job Training Programs) that will negotiate an annual contract for use of the facilities.

Market Kitchen (Food Innovation Center)

The Market Kitchen will be a 1,200 square foot commercial grade kitchen space that is centrally located within the market. The physical space will include food-prep stations; and central cooking area with a range, ovens, and other equipment, a dish area with sinks, dishwasher, and storage; cold and freezer storage space, several hand washing stations, and other features. The kitchen is designed to serve several needs at the market included food preparation for vendors, cooking classes and events, catering for events, workforce training programming, and food product development and testing. The location of the Market Kitchen is adjacent to the event space and includes a pass through window into the south hall to facilitate its use for events. The space is centrally located on the first floor of the market near the loading area and close to most permanent merchant sites.

The Market Kitchen will provide some operating revenue to the overall facility. The primary users of the Market Kitchen space will be the clients of the FIC. These businesses will have an option to pay an add-on annual fee that will give them access to a certain number of hours within the Kitchen and access to storage and cooler space. This fee will vary based on level of usage. The City anticipates that additional businesses and organizations will use the Market Kitchen for events, classes, training programs, etc. They will pay fees based on usage. As noted previously, the Market Kitchen is designed for flexibility and a wide range of uses. Most of the equipment including the food prep stations will be mobile. The central cooking zone of the kitchen will include a

variety of equipment. In addition to serving the core needs of the market as a prep kitchen for vendors and catering kitchen for events, the Market can host cooking demonstrations, nutritional classes, high school culinary programs, etc. The programming of the Market Kitchen will require careful scheduling and management by the market staff. It has the potential to be a significant supplementary revenue source for the Market Operations.

Event/Meeting Rents

The location, design and layout of the Market offer myriad opportunities for meetings and events, including the South Hall, a large open area on the mezzanine level, small seating areas in the Market Hall and Entry Hall, and several unique outdoor areas. These multiple spaces suitable for a variety of events and meetings create an important opportunity to bring additional revenues to the market. Likely events include winter farmers markets, pop-up markets, holiday markets, maker fairs, craft markets, etc. In addition, the Public Market will become a home for banquets, weddings, and other community events. The management of the Public Market will oversee marketing and management of the Public Market space for events.

The main event space within the Market will be the South Hall. This space will be able to accommodate events with up to 300 seated guests. The space will be unique, open, clear space that is flexible and usable for a variety of events. These spaces will be perfect for larger weddings, non-profit dinners, concerts, winter movie series, panel discussions, pop-up markets, food cart rallies, and the list goes on.



In May of 2019, The City of Madison Hosted a Community Event to provide a "sneak Peak" of the Market space. Attended by over 1,000 people, the event highlighted the market's potential as a unique community event space.

In addition, the market will include a large mezzanine area that can be reserved for mid-sized community events, as well as smaller space and outdoor areas that can host a variety of small events.

The City and the Foundation have

conducted focus groups with local event organizers and have studied the event

market. This analysis suggest the potential for event fees to

provide a significant share of the market's revenue needs. The pro forma uses conservative assumptions.

Outdoor Rents

Outdoor markets and events can include farmers markets, flea markets, food cart rodeos, craft markets, specialty markets and events.

Sponsorships and Memberships

The Foundation is exploring the idea of offering ongoing yearly sponsorships for programs and features of the Public Market. The Foundation is also exploring the concept of an annual market membership with community members can join the Public Market for an annual fee. In exchange, members would be provided with discounts on certain products at the market, invitations to special events, exclusive tastings with new vendors, etc. The membership program would help bring venue to the Public Market and strengthen connections to supporters and community members.

Expenses

As stated previously, the Public Market's goal is to break even, with operating revenues sufficient to cover operating expenses (including built-in capital reserve fund). These explanatory notes correspond with the expense line items on the pro forma.

Personnel

The Public Market Foundation will hire its Executive Director in 2020. As the market opening gets closer, the Foundation will staff up with additional personnel needed to run the facility. The staff will consist of the following:

Public Market Foundation Executive Director – This person has overall responsibility for the Market's operations and finances. She/he will also be the liaison to the Board of Directors and oversee all reporting and communications that emanate from the market. The Executive Director will also oversee all other market personnel. The market's Executive Director has many duties that include meeting with tenants, overseeing leasing/merchandising, spending time on the market floor and getting to know the customers and the community.

Operations Manager – The Market Operations Manager will oversee the physical plant of the facility and much of the day-to-

day operations of the market including scheduling deliveries, managing set-ups by vendors

Facility Manager – The Facility Manager will be responsible for the building's physical plant. This work will include overseeing maintenance contracts, handling utilities, managing mechanical equipment, managing access controls, and keeping the building running properly.

Events Coordinator – The Events Coordinator will manage all Events at the Market. This position will plan and manage all events and meeting rentals and will take the lead with public relations and advertising.

Marketing and Outreach Coordinator – This position will oversee the market's promotions, programming and outreach efforts. This person would also be the contact for any future or ongoing fundraising.

Food Innovation Center Manager – This position will be the primary point of contact with FIC clients and will manage day to day activities. The FIC Manager will also have a strong background in food manufacturing with Better Process Control and HACCP Managers certificates. Initially this function will be incorporated within the duties of the operations or facilities manager positions.

Maintenance – These positions reports to the Operations Manager and is responsible for building maintenance. These positions are supported by maintenance contracts.

FIC Custodial and Support Staff – These staff will support the FIC Manager in day-to-day operations and will be responsible for set-up and break-down of flex use areas and general cleaning, sanitation, and equipment maintenance required to maintain a satisfactory food manufacturing environment.

Clerical – This position has responsibility for running the office and handling all billings/receivables. S/he will assist the Executive Director with budgets, forecasts and reports. Clerical support will also be provided to the FIC for scheduling and billing.

Teamwork is crucial to the success of the Public Market. Each role will have a job description that outlines the primary responsibilities for each individual; however, for the Market to succeed everyone will need to pitch in when and where help is needed. The Public Market Executive Director and staff will need to be a creative, flexible, organized, and innovative team of problem solvers who

are ready to take on a unique challenge on behalf of the Public Market Foundation, the vendors, and the Madison community.

Non-personnel Costs

Advertising – This limited advertising budget will cover costs for social media, print, and possibly some radio/television advertising. The Public Market should focus on grassroots marketing efforts through social media channels, word-of-mouth, relationships with media, and volunteer efforts.

Office/Legal/Professional Services – These are normal expenses to run the office and would include phone, internet, office supplies, and other standard costs. This line item may vary year to year. The Board of Directors may receive pro bono assistance.

Insurance – This line item covers general liability and property insurance. Tenants will be required to carry their own comprehensive general liability insurance naming the market's management entity and the City as additional insured parties.

Fees/Permits – This is for local, state and federal permits. As a city facility, some local permits could potentially be waived.

Net Utilities – The market management will work with tenants on a utilities plan. Some tenants will be metered and billed for individual usage while others will pay a surcharge on their rent for the building's utilities.

Garbage – There will be a central area where tenants take their garbage and items for recycling. These costs are for hauling fees and all other expenses associated with the removal of waste or recycling. This estimate is based on engaging a waste hauling contractor for this service. There may be cost savings if this item is consolidated in the City's other ongoing waste hauling contracts for facilities.

Maintenance and Repair – The building will be new when the market opens. This item will cover routine repairs and maintenance

Supplies – This line item is for cleaning supplies, bathroom items, trash cans, and other janitorial needs.

Capital Reserves – The Public Market will build a capital reserve fund into its operations. This fund will build over time to cover the costs of long term needed capital improvements.

Madison Public Market Operating Pro Forma Updated: 10/01/2020

OPERATING ASSUMPTIONS		VACANCY RATES									
Operating Months per Year	12	Year 1	15%								
Operating Days per Month	25	Year 2	15%								
Operating Days per year	300	Year 3	15%								
Est Total Sales at Stabilization	\$10,000,000	Year 4	15%								
Fringe Benefits (%)	25%	Year 5	15%								
Cost Inflation Rate	2%	EVENT RENTALS		Events per year	Cost per event	Event revenue					
RENTS & CAM		South Hall	52	\$2,000	\$104,000						
Rent Growth	2%	Community Room/Mezz	24	\$400	\$9,600						
Ave Storefront Rent PSF	\$37	Whole Facility	3	\$10,000	\$30,000						
Average Sales PSF GLA	\$648		-		\$0						
Storefront GLA	15,440	Stabilized Events Net Income (35% year 1); (50% year 2)		\$143,600							
CAM PSF	\$12	Food Innovation Center		Year 1	Year 2	Year 3	Year 4	Year 5			
Average Rent+CAM as % Sales	7.6%	Public Market Businesses	\$ 31,800	\$ 34,980	\$ 41,340	\$ 44,520	\$ 44,520				
DAY STALLS		Other business users	\$ 54,000	\$ 59,400	\$ 70,200	\$ 75,600	\$ 75,600				
Daystall Daily Fee	\$75	Training Programs	\$ 17,500	\$ 19,250	\$ 22,750	\$ 24,500	\$ 24,500				
Daystall uses per day	2	Food Processing	\$ 17,500	\$ 19,250	\$ 22,750	\$ 24,500	\$ 24,500				
Daystall uses per year	600	Occupancy & Scale Up	50%	55%	65%	70%	70%				
Daystall rev per year	45,000		120,800	132,880	157,040	169,120	169,120				
INCOME		YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
Permanent Stall Rents	\$ 571,280	\$ 582,706	\$ 594,360	\$ 606,247	\$ 618,372						
Common Area Maintenance	\$ 185,280	\$ 188,986	\$ 192,765	\$ 196,621	\$ 200,553						
Day Stall Rents	\$ 45,000	\$ 45,900	\$ 46,818	\$ 47,754	\$ 48,709						
Event Revenue	\$ 21,540	\$ 71,800	\$ 73,236	\$ 74,701	\$ 76,195						
Liquor Revenue	\$ 25,000	\$ 30,000	\$ 35,000	\$ 45,000	\$ 45,900						
FIC Revenues	\$ 120,800	\$ 132,880	\$ 157,040	\$ 169,120	\$ 169,120						
Ongoing Fundraising	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412						
Vacancy Loss	\$ (113,484)	\$ (115,754)	\$ (118,069)	\$ (120,430)	\$ (122,839)						
TOTAL INCOME	\$ 860,416	\$ 941,618	\$ 986,352	\$ 1,024,319	\$ 1,041,422						
EXPENSES		YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
Personnel		YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
Executive Director/ FIC Manager	\$ 80,000	\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595						
Operations Manager	\$ 70,000	\$ 71,400	\$ 72,828	\$ 74,285	\$ 75,770						
Events Coordinator	\$ 32,500	\$ 33,150	\$ 33,813	\$ 34,489	\$ 35,179						
Marketing/Outreach Coordinator	\$ 65,000	\$ 66,300	\$ 67,626	\$ 68,979	\$ 70,358						
Maintenance	\$ 50,000	\$ 51,000	\$ 52,020	\$ 53,060	\$ 54,122						
Custodial	\$ 50,000	\$ 51,000	\$ 52,020	\$ 53,060	\$ 54,122						
Admin Assistant / Bookkeeper	\$ 45,000	\$ 45,900	\$ 46,818	\$ 47,754	\$ 48,709						
Fringe	\$ 98,125	\$ 100,088	\$ 102,089	\$ 104,131	\$ 106,214						
Total Personnel	\$ 490,625	\$ 500,438	\$ 510,446	\$ 520,655	\$ 531,068						
Non-Personnel		YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
Advertising/Events	\$ 30,000	\$ 30,600	\$ 31,212	\$ 31,836	\$ 32,473						
Food Safety Consultant	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000						
Property Taxes	\$ 40,000	\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020						
Legal/Professional	\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530	\$ 27,061						
Insurance	\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530	\$ 27,061						
Fees/Permits	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412						
Net Utilities (electric/gas/water)	\$ 120,000	\$ 122,400	\$ 124,848	\$ 127,345	\$ 129,892						
Garbage	\$ 30,000	\$ 30,600	\$ 31,212	\$ 31,836	\$ 32,473						
IT	\$ 15,000	\$ 15,300	\$ 15,606	\$ 15,918	\$ 16,236						
Maintenance/Repairs	\$ 12,000	\$ 15,000	\$ 15,300	\$ 15,606	\$ 15,918						
Supplies	\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530	\$ 27,061						
Capital Reserves	\$ 10,000	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824						
Snow Removal	\$ 15,000	\$ 15,300	\$ 15,606	\$ 15,918	\$ 16,236						
Landscaping	\$ 2,000	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306						
Community Programming	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412						
Total Non-Personnel	\$ 369,000	\$ 382,300	\$ 390,158	\$ 398,186	\$ 406,386						
Contracy Events & FIC		YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
Total Income	\$ 860,416	\$ 941,618	\$ 986,352	\$ 1,024,319	\$ 1,041,422						
Total Expenses	\$ 859,625	\$ 882,738	\$ 900,604	\$ 918,841	\$ 937,455						
Net Operating Income (NOI)	\$ 791	\$ 58,880	\$ 85,748	\$ 105,478	\$ 103,968						
Seed Money	\$ 100,000	\$ 100,000	\$ 100,000								
Funds From Operations	\$ 100,791	\$ 158,880	\$ 185,748	\$ 105,478	\$ 103,968						

Part 10: Market Analysis and Marketing Strategy

Market Analysis and Marketing Strategies

The Madison Public Market promises to be a colorful, bustling marketplace that will become one of Madison's most treasured public spaces. Over the last five years, the City has done extensive analysis of the project's market potential. This includes a variety of surveys, focus groups, resident panels, and other forms of engagement and analysis. The City also engaged with a variety of food system experts, food businesses, and other stakeholders to study the potential of the public market and gain insights into strategies to position the project to be successful.

Market Analysis Highlights

Below are a few key findings from the City's vendor surveys, community surveys, site analysis, gravity model, and other research methods.

- **There is a history and strong base of food-related employment in Madison.** About 32,000 people in Dane County are employed in food-related businesses including agricultural businesses, manufacturing, wholesaling, retail, and food service.⁶
- **Madison has many existing strengths in the local food sector.** Madison is already a national leader in the local food industry. This is evidenced by Madison's successful farmer's markets, renowned farm-to-table restaurants, community grocery co-ops, local food programs at conventional grocery stores, high participation in Community Supported Agriculture (CSA) programs, numerous community gardens, vibrant food cart scene, etc. This is a dynamic and growing economic sector in Madison. Unlike some communities, Madison's residents are already engaged in local food and primed for the Public Market experience. The Public Market needs to be positioned to complement and amplify Madison's existing assets and projects.

⁶ U.S. Bureau of Labor Statistics, Madison Region Economic Partnership (MadREP)

- **The region's food businesses are doing well.** 80% (68 out of 84) of vendor survey respondents reported that their sales have increased in the last five years.
- **There is a strong base of permanent fresh and prepared food vendors interested in the market to expand their retail opportunities.** The number of attendees at the vendor focus groups and open houses revealed a high level of interest among potential Public Market vendors. This is supported by data from a vendor survey which showed that 82% (75 out of 92) of survey respondents are, "interested to very interested" in locating or doing business at a public market in Madison. Over 140 interested vendors have completed the City's recent vendor interest questionnaire, providing detailed information on how they envision doing businesses in the space. In many cities, the key challenge with Public Markets is finding enough vendors. In Madison, the challenge will be choosing among the large pool of vendors who are interested.
- **Madison has an extensive CSA network.** 25% of the community survey respondents were CSA members. This existing interest in CSAs bodes well for interest in the Public Market. The Public Market will look for partnership opportunities with CSA farms, such as hosting a drop-off point, providing trading programs, hosting info sessions, etc.
- **There is a high participation rate of shopping at farmer's markets.** 81% of the public survey respondents had visited the Dane County Farmers Market at least once last year. The Public Market should strive to partner with the Dane County Farmers Market on programming.
- **Shoppers at grocery stores showed a strong interest in local foods.** 53% of community survey respondents said a good selection of locally grown or produced products greatly influenced where they shop for food and 35% said the selection of specialty and ethnic foods strongly influenced where they shopped.
- **The site benefits from high visibility.** The section of East Washington Avenue in front of the Public Market has approximately 50,000 vehicles per day. The section of First Street north of East Washington has approximately 20,000 Vehicles per day and the section of First Street south of East Washington has approximately 11,000 vehicles per day.⁷ This makes the Public Market location one of the highest visibility commercial intersections in Wisconsin.

⁷ Wisconsin Department of Transportation

- **Transit service.** The site is served by 10 bus routes. On weekdays, 222 busses per day serve the site. On weekends, 33 busses per day serve the site.
- **Proximity to highway system.** The site is a 4-minute drive (1.57 miles) from the intersection of East Washington and Highway 30, providing excellent access to the regional limited-access highway system. The site is 7 minutes (4 miles) from the Interstate 39/94/90 interchange.
- **Gravity model results.** City commissioned a “Huff Gravity Model” analysis to evaluate different locations for sales potential. Based on population density and spending patterns of people within different travel time distances to the site, the analysis estimated that the selected site for the Public Market could achieve \$12 to \$14 million in annual sales (just in food to take home). With prepared foods included, the City anticipates total average annual sales of \$16 to \$20 million.⁸

Trade Areas

Based on this analysis, the Public Market anticipates drawing from four trade areas:

1. **Neighborhood Market** – People living or working within a ½ mile radius
2. **Local Market** – People living within a 10-minute drive time
3. **Regional Market** – Residents of Dane County
4. **Destination Market** – Tourists, convention-goers, and other visitors

For each of these trade areas, the Public Market will achieve a varying level of market penetration (the % of people who visit), a varying frequency of visits, and a varying average expenditure per person. These factors (the number of people who visit, how often they come, and how much they spend) are the fundamental factors that will drive the revenue of the market. The following is a summary of each of the four trade areas and a few strategies to attract visitors from each one. At the end is a summary table with estimated visitation and spending for each trade area.

⁸ Project for Public Spaces Analysis, 2014

Trade Area 1: Neighborhood Market (1/2 Mile Radius)

The Neighborhood Market is defined by a 1/2-mile radius around the site. This area has a current resident population of 5,210, and includes 260 businesses with 2,829 total employees. This area touches many neighborhoods of the City including Emerson East, Tenney-Lapham, Marquette, Schenk-Atwood, and Sherman Terrace. This is an economically diverse part of the City that includes a wide range of housing types and personal incomes. Portions of this area are low income and portions are in areas identified as food access challenged. At the same time, the area also includes multi-million dollar lakefront homes and a wide range of middle-class households. These neighborhoods are some of the most densely populated areas of Madison and include residents that prioritize sustainable, local food choices. This population mix in a relatively high-density environment will help the Public Market be successful.

The site is also located at the capstone of the dynamic Capitol East District. The Capitol East District (E. Washington Avenue corridor between First Street and the Square) is one of the fastest growing parts of Madison, with new, thriving entertainment, housing, and business opportunities that will drive visitors to the Market. The City recently commissioned a study to project future development activity in the Capitol East District. Based on the City's adopted plans and current growth trajectory, this report lays out projected growth in the Cap East District. Based on these projections, the Capitol East District will likely add over 2,000 apartment units and approximately 2.5 million square feet of commercial space over the next two decades. This will bring over 5,000 new residents and new employees to this district.

The City anticipates that this transformation of the Capitol East District will continue. Many people moving into this corridor to live or to work are younger residents from high tech firms such as Google, Shop Bop, Epic, Zendesk, and others. The Public Market will be a prime shopping choice for millennials, catering to this age group's preferences for authentic, local, and unique food choices within walking and biking distance.

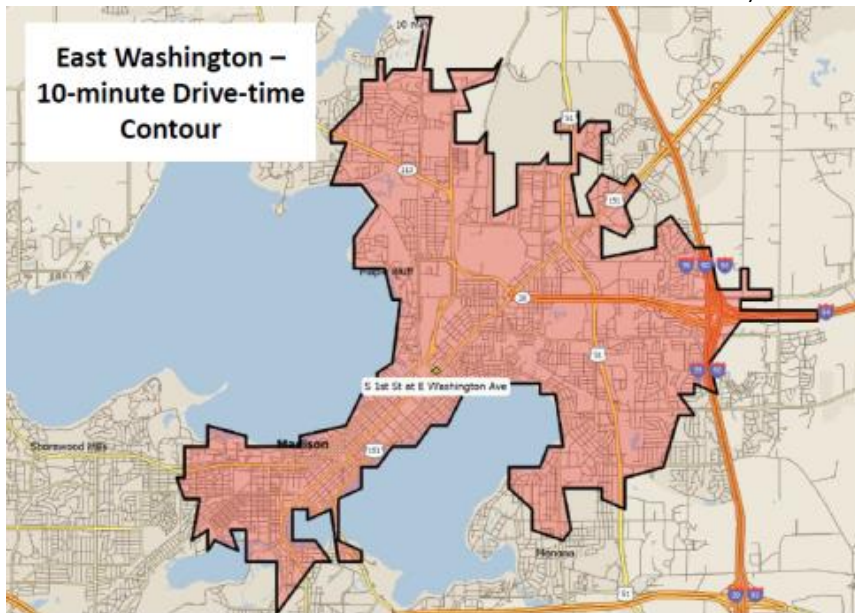
Marketing Strategies for Trade Area 1:

A few key strategies to ensure that the neighborhood market regularly visits the Public Market include the following:

- Ensure that the design provides excellent bike and pedestrian access
- Create strong connections to neighborhood institutions such as East High School, other schools, churches, neighborhood associations, etc.
- Provide space in the Public Market that can be used for neighborhood events
- Coordinate with developers and property owners of the large apartment buildings in the Cap East District. Provide welcome-to-the-neighborhood coupons or gifts to let new residents know about the Public Market.

Trade Area 2: Local Market (10-minute drive time)

The Local Market is defined as the population living within a 10-minute drive time of the Public Market. Currently, there are 173,282 people, including 48,974 households living within this 10-minute drive. In 2014, the City of Madison conducted a survey of



2,083 people, mostly City of Madison residents. When asked how far someone would travel to visit the market, 97% answered up to 10 minutes while 79% stated they would travel up to 15 minutes.

The 10-minute drive time area also includes several major employment areas. Most notably, the Capitol Square is 18-blocks away. This proximity to Madison's core central business

district creates some opportunity to capture a weekday business lunch audience, but this will require strategies that draw people to the site.

Marketing Strategies for Trade Area 2:

A few key strategies to ensure that the Local Market regularly visits the Public Market include the following:

- Provide programs and services that help connect downtown employees to the Public Market as a lunch

option. For example:

- Lunch shuttle in partnership with downtown hotels
- Partnership with Madison BCycle and a station at the Market
- Weekday lunch specials
- Partnerships with online delivery services such as Eat Street
- Provide a detailed and user-friendly Public Market App with real time information on what's available at the market, what vendors are there, hours of operation etc.
- Ensure the Public Market has adequate short-term, drop-in parking for local residents interested in stopping in to grab a quick item.
- Focus on making the Public Market easy and convenient for local residents to use.

Trade Area 3: Regional Market (Dane County)

The third trade area is the Regional Market, defined as Dane County. Dane County's current population is approximately 520,000. The Public Market site can be reached by almost all residents of the County within 30 minutes. In the 2014 market analysis survey conducted by the City of Madison, 95% of the 2,083 survey respondents said they would go to a Public Market if Madison had one. The responses to this survey came from residents who live in 78 different zip codes spread across the region. Though the most frequent visitors to the Public Market will be neighborhood (1/2 mile radius) and local (10-minute drive) markets, residents of Dane County and the larger region will visit for the unique experiences the market offers.

With the variety of activities and events happening at the Market, people from across the region will visit. Just as the Dane County Farmer's Market has become a beloved destination, so too will the Madison Public Market. While the Neighborhood Market and the Local Market will visit the Public Market more often for day-to-day needs, residents of the Regional Market will tend to visit the Public Market for the overall unique experience, the delicious food, the connection to local farmers and the gathering space.

New entertainment venues in the E. Washington corridor will bring thousands of people from across the region to the Public Market area. Breese Stevens Field increases the events and attendance levels every year. The new Frank Productions space will regularly bring 2,500 people to the corridor for evening shows and entertainment. Thousands will be looking for nearby food and

beverage options. As the corridor grows, so too will entertainment opportunities that will help drive people to the Market from across Dane County and south-central Wisconsin.

Anecdotally, most Madison residents would agree that there are not enough winter events and year-round destinations. Many comments collected over the years of Public Market information meetings revolved around the need for the Public Market as an opportunity for more activities during the colder months. With 50,000 square feet of space, of which 3,000 will be dedicated to temporary event space, there will always be something new and interesting to see or experience at the Public Market during every month of the year.

Marketing Strategies for Trade Area 3:

For the Regional Market, the focus should be on special events and activities that keep the market fresh, interesting, and a worthwhile weekend or evening destination. To attract residents who live in the Madison area but not in the immediate proximity of the Public Market, the Public Market needs to offer ever-changing unique experiences and special products that make it fun and interesting. Strategies include:

- Program a range of seasonal events that focus on the product at the market. The Public Market will be active and changing year round. It should have a specialty locally-made chocolate event for Valentine's Day, a flower market for mother's day, workshops on grilling local for Memorial Day and July 4, a pumpkin-carving event and Oktoberfest beer in October, an event focused on locally-raised Turkeys at Thanksgiving, and a Christmas Market in December.
- The Public Market will also have summer music events that link the Public Market to Burr Jones Park, as well as boat-in events that entice people to dock their boats in the River to go the market.

Again, the core focus to attract people from around Dane County is making the Public Market a special destination with unique products, a variety of events, and an atmosphere that can't be found anywhere else. For regional visitors, the Public Market should be a familiar and comfortable place where you know you can always get that special item you love, but it should also always provide something new and surprising that makes you want to go back.

Trade Area 4: Tourists and Visitors

The Madison Public Market site is well situated to attract out-of-town tourists. Close to the Dane County Regional Airport, Interstate 94 and 39/90, and John Nolen Drive, the Public Market offers easy access to those visiting the area.

The Madison Public Market Development Committee and the Madison Public Market Foundation are working to create a Market that is a showcase for Madison's local food culture. Currently, we have a thriving local food scene that visitors want to experience when they travel to our region. However, there is not one central location where our local food culture can be experienced and celebrated. The Madison Public Market will be a promoter of our local dairy industry, local agriculture, and locally made food products. The Market will also be a hub for locally made art and hand-made goods.

The Public Market will offer out-of-town guests a variety of activities that will help drive tourists to the site. Some of these activities that will appeal to visitors are:

- Wisconsin Dairy and Cheese pavilion inside the Market that will offer an interactive dairy exhibit, dairy merchant vending stalls, and retail store. Visitors will learn about our region's dairy history, meet cheese-makers, taste cheese, ice cream, and other dairy samples, and purchase a variety of local cheeses and other dairy products.
- Stories of how our region was shaped by a variety of different cultures and their food histories.
- Beautiful local artwork
- Outdoor seating, live music and other outdoor events
- Pop-up markets and events such as food fairs, craft fairs, and other unique events
- Nearby Burr Jones Field and Yahara River for picnics in the park and canoe rentals
- Bicycle station to explore the bike paths leading from the Market
- And of course... 30+ local food vendors offering multi-cultural, delicious food to eat at the Market or purchase as a souvenir

When visitors want to have a truly Madison experience and understand an important piece of our local culture, the Madison Public Market will be a “must stop” destination. Though the primary

goal of the Public Market is to serve residents, it will also become a visitor destination.

To understand the annual visitor total, other Public Market attendance totals were reviewed in addition to analyzing the total visitor counts of other Madison destinations. The table below shows recent annual visitor totals for a few key visitor destinations in Madison.

Destination	Annual Visitors⁹
Overture Center	506,000
Monona Terrace	350,300
Kohl Center	1,030,000
Memorial Union	3,650,000
Dane County Farmer's Market	497,500
Children's Museum	243,000
Olbrich	250,000
Henry Vilas Zoo	975,000
Alliant Energy Center	1,000,000

Marketing Strategies for Trade Area 4:

The Public Market has the potential to contribute to Madison's growing success as a visitor destination that helps attract visitors to Madison by showcasing part of what makes Madison special. For the Visitor Market, a key focus will be collaboration with community partners to make the Public Market a "must-see" stop for Madison visitors.

- Collaborate with the Greater Madison Convention and Visitors Bureau to make the Public Market part of its strategy to recruit events and visitors. The Public Market could become one of the places in Madison that helps "sell" the city to event planners looking for destinations for conventions and conferences.
- Work with organizations and businesses like Madison Eats Food Tours to host Public Tours

⁹ Madison Central Business Improvement District, *Make It Downtown Madison*, 2012

- Coordinate with the Monona Terrace, Alliant Energy Center, and other event facilities to make the Public Market a destination that event-goers can add to their list of things to do while in Madison
- Connect with the Dane County Regional Airport to have flyers and displays at the airport encouraging visitors to see the Public Market. The market's strategic location midway between the airport and downtown is important.
- Connect with the UW Madison to make the Public Market a place that visiting families of students may want to see. Work with the Athletic Department and local businesses to Make the Public Market a potential game-day destination with parking and shuttles to Camp Randall and the Kohl Center
- Do some target marketing to residents of Chicago, Milwaukee, and the Twin Cities to add the Public Market as a reason to make Madison a weekend getaway destination.

Summary of projected visitation and total spending

Based on the research of the market and four trade areas described above, the following table summarizes anticipated total visitation to the Public Market and anticipated total revenues generated from each trade area.

Trade Area	Trade Area 1	Trade Area 2	Trade Area 3	Trade Area 4
	Neighborhood Market (1/2 Mile Radius)	Local Market (10-minute Drive Time)	Regional Market (Dane County)	Visitor/Tourist Market
Population	7,993	101,582	422,061	NA
Estimated Penetration (% population coming to the market at least once per year)	75%	50%	25%	NA
Number of visitors	5,995	50,791	105,515	100,000
Estimated average visits per year	15	5	2	1
Total visits	89,921	253,955	211,031	100,000
Estimated average spending per visit	\$30	\$30	\$20	\$20
Total estimated revenue	\$2,697,638	\$7,618,650	\$4,220,610	\$2,000,000
Total Visitors (individuals coming to the Public Market)				262,310
Total Visitation (total unique visits including repeat visitors)				654,907
Average spending per visit				\$25
Total Revenue				\$16,536,898

Part 11: Community & Economic Impacts

Impact Summary

\$16 - \$20 million
in sales

35 new
businesses
launched

100 Jobs at the
market

\$22 million regional
impact

265 regional jobs
created

\$29 million in
private investment on
the site

\$200 million in
redevelopment
potential in the
immediate area

Madison's Public Market will have a substantial economic impact by creating jobs, promoting local farmers, developing new businesses, catalyzing redevelopment, and providing a large group of people an opportunity to start a business.

Estimated Sales – As noted previously, the total annual sales at the Public Market are estimated to be approximately \$16 million. The PPS Huff Gravity Model analysis estimated \$12 million in sales in the category of “fresh food to take home.” With additional sales for prepared foods eating on site, drinks, arts/crafts, and other things sold at the Public Market, the total sales should meet or exceed the \$16 million estimate.

Job Creation – The Public Market will open with approximately 30 permanent tenants. The market will also offer a variety of temporary and pop-up vending opportunities. In addition to vendors, the market will have its own staff, a variety of businesses using the Food Innovation Center space, and event activity. Based on the PPS analysis, the total estimated employment at the market will be 100 FTEs.

Entrepreneurial Opportunities – The market will offer a unique opportunity for entrepreneurs to build a business in a small space. Many will be first-time business owners testing a concept and taking advantage of the market's unique ability to generate foot-traffic. Through the MarketReady Program, the City and its partners are already working to ensure that the Public Market fulfills its mission of creating a platform for diverse entrepreneurship in Madison.

Business Growth – Over time, some startup businesses at the Public Market will grow and move into different types of spaces. This includes vendors moving into a more traditional storefront space, or food product makers scaling up to a larger production facility in an industrial area. The goal is that some businesses develop concepts and products that grow into national brands.

Regional Food Economy Growth – The Public Market is a regional economic development project. The project has benefitted from the strong support of the leadership of Madison Region Economic Partnership (MadREP), who recognizes the Public Market's

potential to connect and help grow the region's urban and rural economies. Using regional economic multipliers provided by the U.S. Bureau of Economic Analysis, the conservative estimate of \$12 million in fresh food sales will generate a regional impact of \$21.9 million and lead to 265 full and part-time jobs.

Catalyst for Redevelopment – The Public Market is a critical site in the City. It is on the eastern edge of the burgeoning Capitol East District, but within an immediate area that has struggled to see significant redevelopment activity. The transformation of the site will spark additional private development investment in this area of the City, creating more jobs and tax base for the City.

Visitor Draw – One of the things that makes Madison an interesting and attractive destination is the City's vibrant food culture and food offerings. More and more, authentic local food experiences are becoming a driver for tourism and visitation to communities. The Public Market will help attract visitors and foster repeat visits. The City of Madison and Public Market Foundation look forward to working with community partners including Destination Madison, Alliant Energy Center, Monona Terrace, local hospitality businesses, and others to integrate the Madison Public Market into Madison's unique portfolio of visitor offerings.

Part 12: Equity & Inclusiveness

As part of the business planning process, the City completed a detailed Equity Analysis to evaluate how the Public Market project can create economic opportunities for low income populations and communities of color in Madison. The Equity Analysis resulted in ten detailed recommendations.

- 1) Recommendation #1: Focus on making the Public Market successful as a place for small startup businesses
- 2) Recommendation #2: Be culturally aware, get diverse input, and look globally for inspiration
- 3) Recommendation #3: Incorporate story telling and Madison history through Interpretive displays
- 4) Recommendation #4: Conduct thorough and highly-personal vendor outreach during the pre-opening stage
- 5) Recommendation #5: Incorporate programming and outreach after opening to support vendors
- 6) Recommendation #6: Hire outreach program coordinator early in the process
- 7) Recommendation #7: Build partnerships with other organizations
- 8) Recommendation #8: Connect with other assets around the City and maintain a focus on a Market District and a city-wide food systems strategy
- 9) Recommendation #9: Expand focus to other parts of the City and consider additional future markets and satellite markets in other areas
- 10) Recommendation #10: Codify these recommendations into the project charter, incorporation papers, operating agreements, and/or other more formal documents that will ultimately guide the organization that implements the project and operates the public market

These recommendations are already being incorporated into the process of implementation. Most notable, the concept of the MarketReady Program emerged from the Equity Analysis and the City is working with community partners to launch that program now. The MarketReady Program, as part of the overall vendor recruitment effort, directly relates to recommendations #1, #4, and #5. In addition, the City and the architecture team are working to carefully consider the equity aspects of the physical

design of the space to ensure that it is welcoming and inclusive. This includes incorporating civic story telling space and culturally aware and diverse design. As such, the design process is following through on recommendations #2, and #3. The City's Public Market Development Committee membership overlaps with the City's Food Policy Council, and its wider mission of addressing food issues city-wide. Leaders on the two committees are working to link the Public Market effort to the City's broader efforts to address food security issues and create a stronger city and regional food system. These efforts are closely tied to recommendations #8 and #9.

As plans for the Public Market continue to move forward, the City, the Public Market Foundation, and other project stakeholders will continue to review the equity recommendations and focus on their implementation. More of the recommendations will continue to come into play as the project moves toward construction and opening.

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