



## MADISON PUBLIC MARKET

# Project Background and Status Report

Report to the Madison Common Council, Prepared by Economic Development Division Staff  
**September 28, 2018**

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The Madison Public Market is several years in the making and the City has made significant progress in 2018. The Public Market project has been a methodical progression of forming a vision, creating a business plan, engaging the community, cultivating potential vendors, designing the site, estimating costs, and developing key partnerships.

The Common Council and Public Market Development Committee (PMDC) have overseen this process through monthly public meetings, quarterly reports, and Common Council resolutions directing next steps. Staff and community stakeholders (including the Public Market Foundation) are collaborating to work through the numerous details needed to lay the groundwork for a successful Public Market that meets the City's expectations and fulfills its community-based mission.

This status report is to provide the Madison Common Council, and other stakeholders, with a summary of progress to date and an overview of upcoming next steps. For more information, copies of background materials, or if you have questions, please contact:

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## PROJECT SUMMARY:

The vision for 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, locally made food products, handcrafted arts and crafts, and other goods. The market will be a hub for business incubation and workforce training. Further, it will be a community gathering space that highlights local artists and musicians, hosts community events, offers classes, and supports a range of activities. **The core mission of the Public Market is equity-based economic development.** The project will lower barriers to entry and create a supportive environment for entrepreneurs to launch a new business. The Public Market is specifically focused on providing avenues for entrepreneurs who represent communities that have been historically held back from opportunities to start businesses and are under-represented in the Madison business community. With the MarketReady Program, the Public Market initiative is

already working with a first cadre of passionate, committed, and diverse early-stage entrepreneurs who are preparing their business plans, taking trainings, doing research, and getting financing to be ready to open in the Market. The Madison Public Market will be located at the corner of First Street and East Washington Avenue. The Market will be built on part of a property currently occupied by the aging Washington Plaza strip retail mall (formerly called the Fiore Center). The Market will be built on a portion of the site, and a developer will redevelop the remaining portions into a complementary mixed-use project. Current plans call for the Public Market to be an approximately 28,000 square foot facility. The budget for the project is \$13.2 million with funding from the City, private donations, and federal tax credits.

## **PROJECT BACKGROUND:**

In 2012, the Public Market Development Committee (PMDC) 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 summer of 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 Business Plan was conducted in three phases, which each were approved by Common Council Resolutions:

- 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 Business Plan process included applying the City’s Racial Equity and Social Justice Initiative Impact Analysis 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. Those recommendations are being implemented in the ongoing planning process. The [Public Market Equity Report](#) is available on the project’s website.

### **Implementation Strategy**

After the Business Plan was approved, the PMDC and city staff next developed the [Public Market Implementation Strategy](#). This Strategy lays out five “Work Elements” necessary for the project to move forward: 1) Governance/operations, 2) Funding, 3) Design, 4) Vendor development, and 5) Outreach and momentum building. The Implementation Strategy was approved by the Common Council 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 over the last two years.

### **Summary of Progress To Date:**

- **Pre-2011:** City looks at opportunities for a Public Market
- **2011-2013:** The Local Food Committee is formed (later changes its name to the Public Market Development Committee) and the city 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. City begins working on preliminary design concepts
- **2017:** The Public Market Foundation is formed and kicks-off fundraising effort, the MarketReady Program is launched, design process continues
- **2018:** The Public Market Foundation builds its board, receives lead donations, is official selected to be the Public Market operator, and works with the City on the operating plan. An RFP is released for final architecture, and the MarketReady Program participants continue making progress on business plans, securing funding, working with business coaches, etc.

Since the Common Council adopted the Implementation Strategy in 2016, the City and the Public Market Foundation have made significant progress on each of the five “Work Elements” identified in the strategy. The following is a summary of progress and current status of each of the five.

### **WORK ELEMENT 1: GOVERNANCE AND OPERATIONS**

The Public Market Business Plan (approved by Common Council in 2015) recommends that an independent non-profit organization be created to operate the Public Market. As described in the plan, this operator should be responsible for hiring an executive director and market staff, as well as managing the day-to-day operations of the facility including things such as maintenance, marketing, vendor recruitment, leases, programing, and events. The Business Plan recommends that the City establish an operating agreement with the operator laying out the terms of the partnership. The goal is for an operator that is an independent organization governed by its own board of directors, run by a professional staff, and overseen by the city through an operating agreement that protects the City’s investment in the project.

To accomplish this, volunteer community members created the Madison Public Market Foundation in early 2017. The Foundation was created for two purposes: 1) to lead the private fundraising campaign for the project, and 2) to become the non-profit Public Market Operating entity as directed in the Business Plan.

In late 2017, the Common Council adopted a resolution ([RES-17-00962](#)) to formally identify the Public Market Foundation as the fundraising arm of the Public Market Project. After a

Request for Qualifications Process, the Council then adopted a resolution in early 2018 ([RES-18-00356](#)) to identify the Public Market Foundation as the operating organization for the market. Once the Foundation was officially selected as the market's operator, the City staff and the Public Market Foundation Board began creating the terms of a "Collaboration Agreement" to chart the responsibilities of the Foundation and the City in the long term operations of the Public Market.

### **Next Steps:**

- **Finalization/Approval of the Collaboration Agreement** – The City Staff and the Foundation have developed a draft Collaboration Agreement to chart out the structure of the partnership between the City and the Foundation. This Collaboration agreement will go before the Common Council for review and approval in the next few months. As envisioned in the Business Plan and Implementation Strategy, approval of the Collaboration Agreement includes providing a grant from the City to the Public Market Foundation as seed funding to support the ongoing fundraising effort and preparations for operations.
- **Continue Foundation Board Development** – The Public Market Foundation has been gradually building its Board of Directors. There are currently nine members. The Collaboration Agreement creates three seats to be filled by City appointment. Those appoints should begin when after the Collaboration Agreement is approved by the Common Council.
- **Create Operating Agreement** – Once the Collaboration Agreement is in place, the City and the Foundation will begin working on the more detailed Operating Agreement and Master Lease. These agreements will specifically described the terms by which the City will provide the Public Market Foundation with the rights and responsibilities of operating the facility.
- **Hire Executive Director** – A critically-important next step will be to hire a Public Market Executive Director. This person will be an employee of the Public Market Foundation. As noted in the draft Collaboration Agreement, the City will be involved in the hiring process through a representative of the Public Market Development Committee and involved by City staff. The Foundation will conduct a nationwide search to ensure that a qualified candidate is selected to manage the Public Market.
- **Create Vendor Selection Guidelines** – Working with the City and the community of prospective vendors, The Public Market Foundation will develop guidelines for how they will select individual merchants for the Public Market. These guidelines will then guide the ultimate vendor selection and leasing process (addressed in Work Element 4).

## **WORK ELEMENT 2: FUNDING**

The total budget for the Public Market project is \$13.2 million. This includes costs to purchase the land, design the building, construct the building, and cover soft costs and startup costs. In 2017, the City worked with a construction cost estimator to evaluate the likely cost of the Public Market building based on preliminary design concepts. As the design is refined, the City and the architecture/engineering team will continue to refine plans to ensure that the project can be completed on budget. In addition to the construction of the building, the total budget for the

project will include design costs, land acquisition, startup costs, and working capital to cover operating losses for the first years.

<b>Public Market Funding: Sources &amp; Uses</b>	
<b>Sources:</b>	
City of Madison Capital Budget	\$7,500,000
Fundraising Campaign	\$2,500,000
New Markets Tax Credits Equity	\$3,000,000
Remaining UDAG re-authorization	\$200,000
<b>TOTAL</b>	<b>\$13,200,000</b>
<b>Uses:</b>	
Seed Funding to Foundation	\$200,000
Working capital for first years of operations	\$300,000
Land, Design, and Construction	\$12,700,000
<b>TOTAL</b>	<b>\$13,200,000</b>

The Madison Public Market is planned to be funded through several sources described below:

- **City of Madison Capital Budget** – The Public Market project was approved as part of the 2018 capital budget and is proposed to be reauthorized in 2019.
- **New Markets Tax Credit Equity** – The Public Market project is a “pipeline” project for several Community Development Entities seeking an allocation of New Markets Tax Credits. When those CDEs are awarded credits (likely in early 2019), the City will follow up with them to secure credits for the project and work toward closing.
- **Private Donations** – The Madison Public Market is leading the effort to secure private donations for the Public Market. So far, a total of \$780,000 has been pledged to the project. The Foundation has developed contacts with potential donors and is actively building connections, hosting events, and laying the groundwork for additional contributions. The success of the fundraising effort is dependent on continued progress with the design, operating plan, and city commitment to the project.
- **Reauthorized UDAG fund** – To date, the City has been drawing from a re-authorized UDAG fund to cover planning costs. Going forward, the remainder of this fund will be used as seed funding for the Public Market Foundation.

## Next Steps

- 1) **Ongoing project refinement to meet budget** –As the design process moves forward, the City will continue refining the project to ensure that it can be completed within budget.
- 2) **Continue Fundraising Effort** – The Public Market Foundation is continuing efforts to raise private donations for the project.
- 3) **Finalize New Markets Tax Credit Allocation** – Once NMTC awards are announced in early 2019, the City will follow up with CDEs that have received an allocation to work toward closing.

## **WORK ELEMENT 3: FACILITY DESIGN AND DEVELOPMENT**

The Madison Public Market will be located at the corner of First Street and East Washington Avenue. The Market will be built on part of a property currently occupied by the aging Washington Plaza strip retail mall (formerly called the Fiore Center). The City is working with the property owner on an overall plan to redevelop the site. The preliminary plan is for the city to purchase a portion of the property for the Public Market, while the developer retains the remainder of the site to build a mixed-use project likely to include retail space, apartments, and a hotel.

In 2016 and 2017, the City engaged an architecture team to develop preliminary concepts for the building. The City, the PMDC, and the property owners to explore several options for the layout of the site. Based on feedback from the PMDC, the City and the developer reached consensus behind a conceptual site plan. The City released an RFP to engage an Architecture and Engineering (A/E) consulting team to advance the design of the project from concept to construction-ready architectural and engineering plans.

### **Next Steps**

- Contract with A/E Team
- Finalize agreement to purchase site
- Complete schematic design, design development, and construction documents
- Secure land use approvals
- Bid project and begin construction

## **WORK ELEMENT 4: MARKETREADY PROGRAM AND VENDOR DEVELOPMENT**

Planning for the Public Market included applying Madison's Racial Equity Impact Tool in 2015. The goal of this analysis was to identify strategies to ensure that the economic opportunities flowing from the Public Market would benefit Madison's diverse communities. That analysis led to the concept of the "MarketReady" Program.

Funded by the City and administered by community partners, this innovative program is working with 30 entrepreneurs to provide business training, business coaching, peer-to-peer support, and micro-grants. MarketReady helps participants prepare business plans, develop marketing strategies, purchase equipment, apply for financing, and test products. MarketReady is building individual businesses and a mutually-supportive network of diverse entrepreneurs. The City provided \$248,000 to the MarketReady Program and is working with the North Side Planning Council, FEED Kitchens, Wisconsin Women's Business Initiative Corporation and Dane County UW Extension to run the program. The MarketReady participants are highly diverse including 83% people of color, 19% female, and 33% first generation immigrants.

The MarketReady Program has been underway for one year. Some of the results from the Program so far include the following:

- A vendor who design African clothing connected with Jazzman on State Street to partner (hopefully there will be more links like this between existing retailers and Public Market)
- A vendor who makes vegan baked goods with ingredients sourced from tribal communities launched a successful gofundme campaign
- A Tibetan Dumpling maker was able to use the resources from the MarketReady program to buy a dumpling machine that dramatically increases their production capacity
- 5 participants were in WARFs upstart program
- 20 participants used the program to attend the Edible Startup Summit
- 28 of the 30 participants attended a day-long trip to the Twin Cities to tour three markets building connections and learning from experienced vendors
- The MarketReady Program, with funding from Cuna, has launched a program where participants host cooking classes at the Meadowood Community Center
- Caracas Empanadas will use funding from the program to buy an empanada press
- Vendors have used the program (funding and technical assistance) to secure various required permits, licenses, etc.
- Vendors have used the program (funding and technical assistance) for LLC incorporation, insurance, logo design, etc.
- Off the Block Salsa will use funding from the program to buy a countertop pizza oven to sell their pizzas at events
- Vendors have received five grants and four loans from outside organizations totaling \$71,425 in outside grant funding brought-in
- Some vendors have hired people, creating a total of 19 new jobs
- 40% of vendors plan to hire an employee within the next 6 months
- 20% have completed their business plan through the program, 60% are working on it.
- Built relationships with one other, shared equipment, experience, culture, childcare, etc.

In addition to the MarketReady Program, the city has conducted numerous workshops and focus groups to gather input from prospective public market vendors. So far, 175 businesses have submitted a request to be part of the Madison Public Market by completing a detailed questionnaire describing the type of business they plan to operate, the products they wish to sell, the size of space they want, etc.

### Next Steps:

- **Continue MarketReady Program** - Continued implementation of the MarketReady program including supporting business planning, business coaching, stipends to vendors for training fees, a second field trip to visit other markets, etc.
- **Create of Vendor Selection Guidelines** – As noted previously, a key next step for the Public Market Foundation will be to develop guideline for selecting vendors
- **Secure Letters of Intent and Leasing** – As progress continues on the design, attention will be turned toward getting letters of intent and leases in place with the first tenants of the Madison Public Market.



## Work Element 5: Momentum Building and Outreach

Recognizing that the Public Market is a complex project on a long timeline, one challenge identified in the Implementation Strategy is maintaining interest and momentum among prospective vendors and community members. The Public Market Foundation is leading this work with a variety of strategies including hosting “Taste of the Public Market” events that showcase potential public market vendors, giving presentations about the project to various community groups, and creating a website, email list, and social media presence. So far, 2,500 people have attending the “Taste of the Market” events, 1,500 people are engaged through social media, and the email list includes over 2,000 addresses. In addition, the Foundation has created an Advisory Council of 20 community leaders. The Public Market Foundation will continue these efforts to building momentum.

## TIMELINE

The current timeline for the project is to continue finalize the operating plan, hire the executive direct, secure the property, finalize the physical design, secure land use approvals, close on all sources of funding, and sign vendor leases by mid to late 2019. This will allow for the project to break ground in late 2019 and open in 2020.

Madison Public Market																								
Timeline (working draft: Sept 2018)																								
1. Organizational Structure and Operations	2018			2019				2020																
	Q4			Q1	Q2		Q3		Q4		Q1	Q2		Q3										
	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S
Approval Collaboration Agreement																								
Create and Approve Operating Agreement																								
Hire Public Market Executive Director																								
Prepare for Operations																								
2. Funding	2018			2019				2020																
	Q4			Q1	Q2		Q3		Q4		Q1	Q2		Q3										
	Complete Capital Campaign																							
Secure NMTC																								
Close on all sources																								
3. Design and Development	2018			2019				2020																
	Q4			Q1	Q2		Q3		Q4		Q1	Q2		Q3										
	Term sheet for land acquisition																							
Complete SD, DD, and CD Design																								
Land Use Approvals																								
Bidding																								
4. Vendors	2018			2019				2020																
	Q4			Q1	Q2		Q3		Q4		Q1	Q2		Q3										
	Continue MarketReady Program																							
Create Vendor Guidelines																								
Secure LOIs and sign leases																								
5. Outreach and Momentum	2018			2019				2020																
	Q4			Q1	Q2		Q3		Q4		Q1	Q2		Q3										
	Taste of the Market Events																							
Ground Breakinug																								
Vendor Annoucement																								
Grand Opening																								
6. Construction	2018			2019				2020																
	Q4			Q1	Q2		Q3		Q4		Q1	Q2		Q3										
	Construction																							



The Public Market has been years in the making. It is a complex project with many moving pieces. Each important step in the process has been approved by an ongoing series of approvals by the Madison Common Council. There will be many additional discussions and approvals at the Council level before construction begins.

As the City continues to make progress on the development of the facility, the volunteer board of the Public Market Foundation is raising funds and preparing for operations, and the MarketReady Vendors are diligently preparing their businesses and following their dreams of opening within the Public Market.

## **HISTORY AND DATES OF COMMON COUNCIL ACTION ON PUBLIC MARKET**

1. 7/5/11 - [RES-11-00586](#) - Create Local Food Committee
2. 2/5/13 - [RES-13-00078](#) - Authorize RFP for Business Plan
3. 1/6/14 - [RES-14-00370](#) - Accept Business Plan Phase 1 and authorizing Phase 2
4. 5/7/14 - [RES-14-00746](#) - Accept Business Plan Phase 2 (site selection) and direct staff to finalize the plan.
5. 10/6/15 - [RES-15-00814](#) - Accept Final Business Plan and request staff and the PMDC to create an implementation strategy
6. 3/15/16 - [RES-16-00194](#) - Accept Implementation Strategy and direct next steps on each of the five “Work Elements” identified within the Strategy.
7. 5/17/16 - [RES-16-00362](#) – Authorizing next steps with design and direct staff to move forward in partnership with the property owner
8. 6/21/16 - [RES-16-00461](#) - Authorize funding for the MarketReady Program to move forward
9. 6/21/16 - [RES-16-00464](#) - Engage Funding Consultants (Fundraising and NMTC)
10. 9/6/16 - [RES-16-00615](#) - Engage Architects to develop conceptual design
11. 11/22/16- [RES-16-00872](#) – Changing the name Local Food Committee to Public Market Development Committee, adding members, and restructuring the committee mission and composition.
12. 2/7/17 - [RES-17-00104](#) - Approve MarketReady contract with community partners to administer the program
13. 8/1/17 – [RES-17-00636](#) – Authorizing CDBG funding for a portion of the MarketReady Program funding
14. 12/5/17 – [RES-17-00962](#) – Identifying PM Foundation as fundraising entity and issuing RFQ for Operator
15. 5/1/2018 – [RES 18-00356](#) - Approving the Madison Public Market Foundation as the future operator of the Madison Public Market
16. 7/10/18 – [RES 18-00522](#) – Authorizing a RFP for professional architectural and engineering services to design the Public Market
17. 7/24/18 – [RES-18-00570](#) – Authorizing City to retain outside counsel for financing Public Market

## CONTACT AND MORE INFORMATION

For more information about the Public Market Project, contact:

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For background materials and documents, go to the City's public market project website:

[www.cityofmadison.com/publicmarket](http://www.cityofmadison.com/publicmarket)

For updates on the Public Market Foundation, go to:

<http://madisonpublicmarket.org/>

Follow the project on Facebook at:

<https://www.facebook.com/Friendsofthemadisonpublicmarket/>

For information on the MarketReady Program, go to:

<https://marketreadymadison.org/>

The Public Market Development Committee typically meets the first Thursdays of the Month at 5pm. Information on agendas and members available on legistar:

<https://madison.legistar.com/DepartmentDetail.aspx?ID=34815&GUID=3EE46D9D-53FE-47C5-947B-4EB2387C38B0>