

Madison's Public Market Ownership and Management Recommendation

It is our recommendation that the City of Madison own the Public Market property and that the Market be operated by a not-for-profit corporation.

Ownership – The City of Madison

The City already owns the Fleet Building and will make significant contributions to the development and capital costs that will transform the building into Madison's Public Market. As the current owner, there is no reason why the City would not remain so. To ensure the Market is established and operated in accordance with the community's expectations, the City can craft and sign an operating agreement with a not-for-profit corporation. This will not be the end of the City's involvement with the project. The operating agreement would define the ongoing role and responsibilities of the City.

Nearly all public markets are operationally self-sustaining, but are unable to finance major capital improvements, so the City should also expect to retain some fiduciary responsibilities.

During the ongoing process to establish a public market in Madison, the City will continue in a leadership role, assisting with the project's funding, development and construction. Once the Public Market opens and new management is established (see next recommendation below), the City should continue to be involved as a member of the Board of Directors and to exercise oversight as the owner of the property.

In the future, the City could decide to sell the property, but only with the caveat that it be used as a market in perpetuity meeting all of the public objectives described herein.

Management – A Not-for-Profit Corporation

Based on the ownership and operating objectives, a not-for-profit organization would be the most advantageous form of governance to operate a public market in Madison.

As evidenced by the management options and case studies in this report, this form has proven remarkably effective in other markets and can best meet the goals and objectives of the city, citizens and vendors.

A transitional process to create this management entity is provided in the next section of this report.

Excerpt from Public Market Business Plan -
Handout for Organizational Structure Local
Food Committee Subcommittee Meeting on 10-15-15

Implementation and Next Steps

To date, the conceptualization and momentum for a public market in Madison has been led by the City through the City's Economic Development Division and the LFC. During the last year, PPS has worked closely with both entities and this report is largely the result of that joint effort. The report will now endeavor to outline the next steps for this process to move the market from a concept to a reality.

We have put together a rough chronological guideline to assist the City and LFC in what needs to be done to transition from a conceptual exercise to a pre-development phase, then to a development phase and finally into opening and operating the market.

This is the time when the commitments of those willing to advance the Public Market project take on another level of urgency and resolve. The first step is to formally acknowledge and embark on this transition. We recommend that a Transition Team be established consisting of volunteers who bring legal, fundraising, design/construction, community organizing and food/nutrition skills to the project in order to move the process forward.

The Transition Team can and should include members of the City's LFC to maintain continuity in the process and keep the current leaders of the project engaged. However, it should be emphasized that the Transition Team is not simply "another committee." Rather the Transition Team will be an implementation-oriented group with members expected to "roll up their sleeves" and work to keep the project moving forward. As an official City committee, the LFC's role has been to oversee the

project, engage different stakeholders, guide the work of City staff and consultants and interface with the Common Council and Mayor. The LFC is subject to strict City standards in terms of meeting notices, public testimony, agendas, quorum, etc. The Transition Team should be organized to be a bit more independent and able to move quickly and flexibly to make key decisions necessary to advance the project in a timely manner.

As the Transition Team takes shape, this raises the question of the future role and function of the LFC. Providing specific recommendations on this question is beyond the scope of the public market business plan. However, as stated, it is likely that several members of the LFC will want to participate in the Transition Team to work on implementation details of the Public Market. Other LFC members may be more interested in maintaining a broader focus and perhaps the LFC could continue to serve as the "wide angle lens" for the project while the Transition Team digs into the details.

The order and structure for how the transition occurs (see below) is only a guideline. Once the process begins, and the Transition Team is formed, the Transition Team may decide to change the order of priorities, such as hiring paid staff earlier than the report recommends below. Those types of changes are fine and would indicate a healthy level of self-confidence in the Transition Team and project. The important thing is that the Transition Team recognizes that it is their role to accomplish these tasks and keep the project moving forward.

Much of what happens, and how quickly things happen, will be based on things we do not know or control at this time, including the effectiveness of the Transition Team and how it is able to navigate the politics of the project and how quickly it can start raising money. One of the first orders of business for the Transition Team will be to secure physical access to the recommended Market site. There are multiple benefits of the Public Market site on North First Street, between East Johnson Street and East Washington Avenue, which were outlined in our Phase Two deliverables. These include proximity to an economically diverse customer base, strong visibility and high traffic counts, adjacency to a public park and waterfront and a City-owned building which will save the project, and subsequently the public, money.

While the site has great benefits, it is currently in use by the City's Fleet Services and their timeline for vacating the site is several years away. However, the opportunities for this site outweigh this particular challenge, and there are several possibilities for dealing a longer start-up timeline, which may benefit both the project and the City. One possibility with benefits for both groups is for the City to re-allocate the \$3.25 million allocated in 2015 for public market site acquisition to Fleet Services so they can move up their re-location timeline while also saving the City money. While the Market may not have physical access to its site immediately, the time between now and access to the site will not be wasted and organizers will be busy pulling together a Transition Team, fundraising, hiring staff and recruiting vendors.

Recognizing that opening day for the Public Market in the Fleet Building is still likely several years away, one critical role of the Transition Team will be to maintain and keep building momentum behind the project. An active public relations and information sharing effort should be made to keep the project in the public eye. These efforts could include issuing press releases as key milestones are met in the design and fundraising efforts and working to support emerging related businesses and activities such as pop-up markets, tasting events, fundraisers, events with key partnering organizations, etc. During the business planning process, the community, the media, and potential vendors have been very engaged in the process and momentum and support has grown. It will be a critical task of the Transition Team to continue to create the same sense of progress and momentum during the implementation period from between the finalization of the business plan and opening day.

The critical role of the City in the ongoing project will also change. The City needs to support the role of the Transition Team and agree that this entity-information will be the community body acting on behalf of the Market.

An additional task for the Transition Team and/or the future LFC will be to start an inclusive planning effort for the district that would include representatives from within the district. This is a parallel effort with a longer time frame, but one that will help the market evolve as an economic generator and community destination. Recommendations for the timing of this are included in the steps below.

Next Steps

The following section is a guideline of next steps to be taken in the development and management of a public market in Madison. To some extent these guidelines are concurrent and overlapping activities, but the City's establishment of the Transition Team must occur first.

1. Establish Transition Team

As an interim step towards formalized management, the City of Madison and the LFC should establish a Transition Team to take the lead in the actual establishment of the public market management/governance organization. This group will maintain the momentum of the overall project and establish the goals and mission for the management of the Market. The Transition Team will be a hands-on working group. They will start to drive the process, which will require a fundamental shift from how the LFC has operated to date, transforming from a planning body to a development and operating entity.

Members should be representative of the City, LFC and market constituencies.

If the Transition Team would like more community input, they can also establish a process of review or community advisement that can help steer the project. This would allow ongoing participation by more people; however, managing this process takes time and resources that would have to be factored in to the tasks of the Transition Team.

It is possible that, once it is established, the oversight committee becomes a model for the Board of Directors of the Market.

Tasks and Objectives:

Establish standards of performance

Define outcomes and how they can be achieved and measured - these can include quantitative financial outcomes as well as more qualitative outcomes that speak to the overarching goals of the market. Some metrics that could be considered are:

- Number of new businesses/vendors, especially those started by minority business owners
- Promotion of social integration and diversity
- Number of new jobs
- Total sales and growth
- Customer counts
- Number of events
- Community support (conducted via survey)
- Level of use for community programs and services
- Growth of surrounding district
- Increased regional agricultural sales
- Improved community health
- Financial self-sustainability
- Growth of the local economy

Act as the link between Mayor, City Council, LFC and stakeholders

- Approve the business plan and this report
- Make decisions about funding amounts and timing
- Work towards a timely lease agreement to secure the Fleet Building

Coordinate City services, resources and support required for the Market

- Manage ongoing coordination and communication

Develop and maintain a project schedule

Establish legal form of management and oversight mechanisms

- Agree on the desired form of governance and begin the legal process of establishing the not-for-profit management.

Development/finalization of plan, design and funding

- Continue to advance the plans for the building and market operations

Initiate long-term visioning and planning for the district

- Work with representatives from the surrounding district to envision the uses and potential for the larger area.

2. Create a name and mission statement for the Market

The naming of the Public Market offers an early public relations opportunity that will engage and excite the public. The public should be asked to suggest names for the Market. This process can be fun and will remind people that they are fully involved with the creation and development of this public investment.

Creating a mission statement for the Market early on is crucial because it will be the central focus of the management entity and the City of Madison for policy decisions about the Market. The mission statement established by the Transition Team should make reference to the following operating vision elements:

- To coordinate public and private interests
- To preserve the integrity of the market
- To sustain the market as a public gathering place
- To support women and minority business enterprises
- To meet the food shopping needs of all income levels
- To involve stakeholders
- To leverage market as a catalyst

3. Form the Operating/Management Entity

The Transition Team, LFC, and the City establish the recommended not-for-profit management entity.

Composition and Role of Board:

Establish actual number of Board of Director seats and representative members. See case studies earlier in this chapter for specific examples of expertise or representation such as:

- Real estate development
- Legal
- Finance/accounting
- Community relations
- Communications/public relations
- Retail
- Agriculture
- Fundraising

Create system of decision and policy making

Establish communication with market constituencies

Provide fundraising oversight and assistance

Approve annual operating plan

Hold staff responsible for performance

Keep market on mission

4. Develop an Operating Agreement

Working with the City of Madison, the Transition Team will develop an operating agreement. While other public markets often call this operating agreement a Lease or Management Agreement, the use of "operating agreement" refers to the fact that there are already agreed upon aspects of the Market's

management which the City of Madison and the management entity have determined. 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

5. Define Role of and Hire Executive Director

The Executive Director is of the utmost importance to the success of the Market, and the managing organization needs to fully define this person's role before beginning the search. This person will:

- Hire and train employees, with Board approval
- Establish challenging work goals for all staff
- Hold staff responsible for performance
- Provide fiscal oversight
- Plan for the future of the Market

Alternate Option - The Transition Team could hire an Executive Director earlier in the process to help coordinate and accelerate project implementation. This person would report to the Transition Team and the Board of Directors, once it is established.

6. Define Roles and Hire Staff

As the Market approaches opening day, the new management entity will begin to hire staff based on their needs. Tasks such as leasing and tenant recruitment need a fair amount of lead-time before the Market opens. While soft recruitment has been in the works for years, the actual leasing should begin a year or more prior to opening. Initially the Executive Director could do this, but their role will grow as the Market gets closer to opening and they will need more help from other staff with the following tasks:

- Leasing and merchandising
- Promotions, events, education and outreach
- Coordinating maintenance with surrounding district
- Soliciting input of customers
- Cleaning and maintenance

7. Development and Operations – Post Transition

Once the new management entity is formed and agreements with the City are set, the project goes into the post-transition and final phase of development leading up to opening day. This phase of development could be the busiest, and will likely be when the most money is raised and spent.

During this phase the management entity will become a fully operational team, ready to take on the

myriad tasks required to open the Market including:

- Fundraising
- Finalizing the development and construction costs
- Leasing and outreach
- Setting a timeline to opening day
- Managing construction
- Providing tenant coordination
- Setting up and testing all Building Systems (HVAC, utilities, trash, etc.)
- Consider the eventual establishment of a “Friends of the Market” group for volunteering opportunities, and other tasks such as fundraising, tours, education and special events.

- Consider the eventual establishment of a Vendor/Customer Advisory Group, working closely with management to represent the interests of these two key stakeholders. This group, if formed, should self-organize and operate.

8. Opening Day