Madison Food Terminal Market Project Update

Madison Common Council

January 7, 2019

Intent of Project

- Intent – "Explore the feasibility, impacts, and potential business models of a food-terminal cross docking facility."

- What comprises a terminal market beyond real estate:

INFORMATION EXCHANGE - *TRUST*

PRICE DISCOVERY - *TRANSPARENCY*

NETWORK DEVELOPMENT - *COLLABORATION*

LIQUIDITY - *CASH FLOW*

EFFICIENCY - *LOWER COST*

PRODUCT DIVERSITY - *EXPANDED CHOICE*

The Madison Consumer Market Findings

- Characteristics
  - Love organic
  - Desire home delivery
  - On-the-go
  - Environmentally conscious
  - Tech savvy and digitally connected (88% smartphone use)
- Needs
  - Convenience
  - Online shopping
  - New experiences through tech (AR/VR/Kiosks/Apps)
  - Transparency and trust

20% MORE LIKELY TO BUY ORGANIC FOODS THAN AVERAGE AMERICAN

43% MORE LIKELY TO GET FAST FOOD DELIVERED HOME THAN AVERAGE AMERICAN

9% MORE LIKELY TO BUY ON CREDIT THAN TO WAIT

**5%** MORE LIKELY TO PAY MORE FOR GREEN PRODUCTS

8% MORE LIKELY TO VALUE GREEN PRODUCTS OVER COVENIENCE

Other Findings

- The Issues:
  - Regional and local transportation gaps
    - Distributors
    - Small retail
  - Last mile distribution costs
  - Food access concerns
  - Limited refrigerated and freezer warehouse space

Primary Recommendations

Business Services-Technology

Terminal Market

Lockers/Shared Last Mile
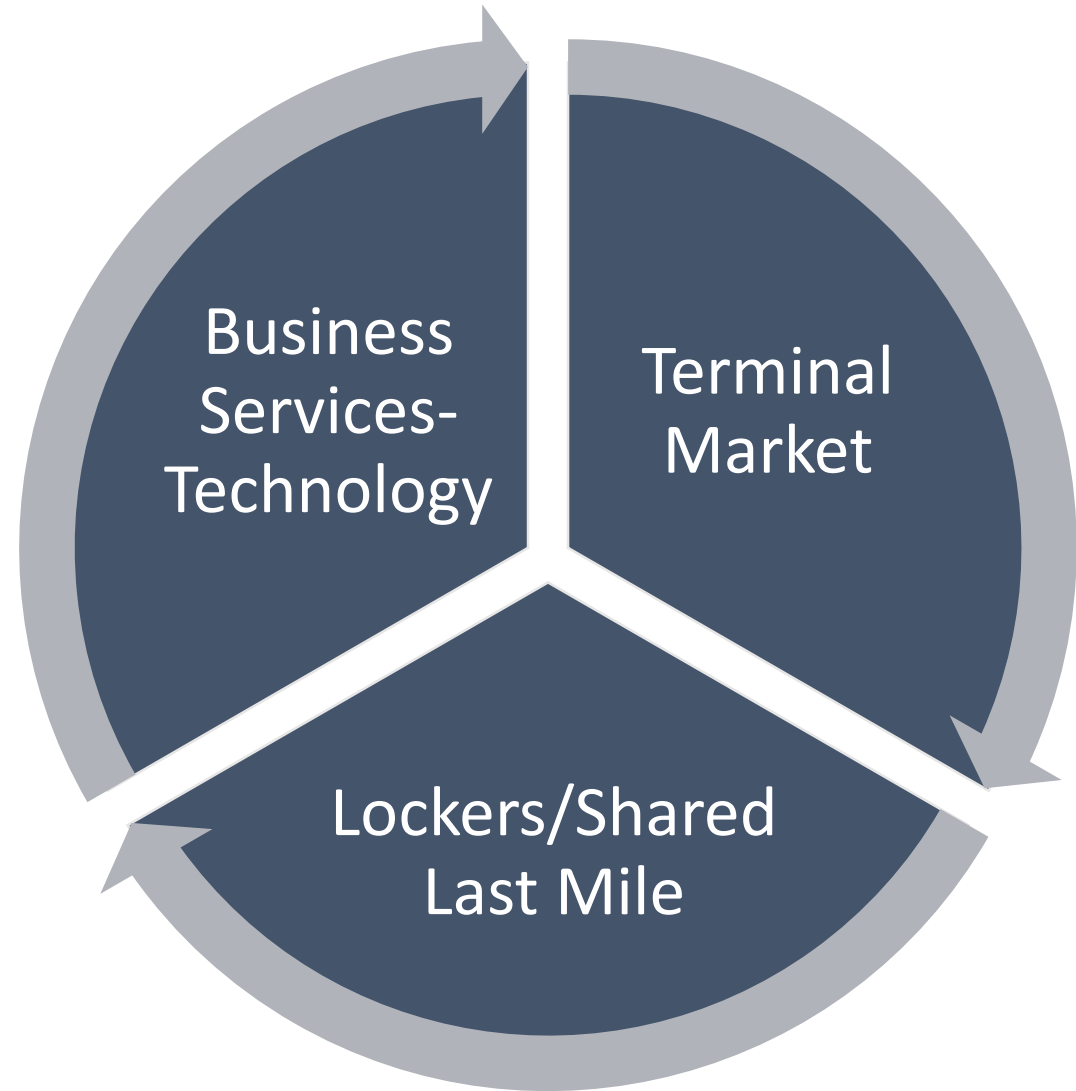
Terminal Market Specs

150,000 square feet of flex use

24-foot clear height

Multi-tenanted

- Shared use processing and culinary arts
- Community food hub and last mile aggregation
- Perishable products distributor
- Grower-shipper
- Regional 3PL of food service products
- Regional 3PL of frozen and specialty

✔ Locker System Specifications

- 3-5 locations, focused on low food access areas

- Modular, indoor and outdoor

- Pickup confirmation
  - Cameras
  - Triggers by sensors

- Safety or security mechanism
  - Cameras

- Food Safety
  - Data logging
  - Temperature sensor
  - Cameras

- Other services
  - Tech and customer support
  - Custom wrapping for branding and ads
  - Return area for reusable packaging

Next Steps

- Local partners
  - FEED
  - UW Extension
- Next steps
  - Community benefit analysis
  - Economic benefit analysis
  - Pro-formas for business concepts
  - Identify prospective tenants
- Deliverables will enable fund raising through grant programs and philanthropies