

## Madison Public Market Management Options December 3, 2014

There are a variety of management options for public markets in use today. Historically, municipalities operated most public markets, but in the last few decades there has been a shift to non-municipal organizations that are better able to devote time and resources to keep markets competitive and mission driven.

The following options and specific market examples are provided to assist the Local Food Committee's (LFC) decisions about what could work best for Madison's public market.

### ORGANIZATIONAL OPTIONS USED AT OTHER MARKETS:

#### **Non-Profit: 501 c(3)**

An independent non-profit organization – this has become the most common type of entity operating public markets in the US, particularly year-round indoor public markets.

Many existing public markets have converted from municipalities to private, non-profit management over the past 20 years. Under this system, the city retains ownership control over the facility and establishes a long-term lease with an independent, 501 c(3) corporation to operate the market. The lease spells out the terms of the agreement, and varies according to each city. The structure of most of the non-profits includes a broad-based board of directors, including citizens, vendors, nearby businesses, and usually one or more representatives of the city government.

#### ***Examples:***

Lexington Market - Baltimore, MD	Lexington Market Corporation
North Market - Columbus, OH	North Market Development Authority
Reading Terminal Market – Philadelphia, PA	Reading Terminal Market Corp.
Eastern Market - Detroit, MI	Eastern Market Corp.
Central Market - Lancaster, PA	Central Market Trust
Findlay Market - Cincinnati, OH	Findlay Market, Corporation
French Market - New Orleans, LA	French Market Corporation
Milwaukee Public Market – Milwaukee, WI	Historic Third Ward Association
Boston Public Market – Boston, MA	Boston Public Market Association
Lancaster City Market - Lancaster, PA	Lancaster Public Market Trust

#### ***Case Study: North Market, Columbus, OH - North Market Development Authority***

North Market, a public market founded in 1876, is located near downtown Columbus and the new convention center. Located for nearly 50 years in a Quonset hut, after a disastrous fire destroyed the original market building, North Market underwent a multi-million dollar relocation and expansion program, which was completed in 1995.

The City of Columbus owns North Market and leases the market to the North Market Development Authority, Inc. (NMDA). NMDA is a non-profit 501 c(3) corporation organized in

1987 to preserve and promote the market. The city, which was considering closing the market and tearing it down, gave NMDA a five year lease on the market in 1988, although the city continued to subsidize its operations. Beginning in 1989, a master planning process was initiated. Following the city's purchase of a vacant two story brick warehouse to house the relocated market in 1992, NMDA entered into a Memorandum of Understanding (MOU) with the city, describing the roles of the city and the authority in the development of the expanded North Market. In 1994, the city entered into a development agreement with NMDA authorizing the Authority to go out for public bid as the developer of the project. The new home for the market along with an enlarged farmers market and parking facilities cost \$5.2 million. NMDA signed a new 20-year lease of the market with the city in 1995.

NMDA has as 17 member volunteer board. In addition to revenues from the market vendors, North Market splits revenue from an adjacent parking lot with Capitol South Urban Redevelopment Corporation.

***Case Study: Lexington Market, Baltimore, MD – Lexington Market Corporation***

The historic Lexington Market, located in the edge of downtown Baltimore traces its beginnings back to the late 1700's. The current market complex was built in the 1950's and encompasses 260,000 square feet.

The city established the 501 c(3) Lexington Market Corporation in 1979 and wrote a Lease and Charter Agreement establishing the parameters of control and obligation for the city and the corporation. The agreement contains a renewable 20-year lease for \$10 a year. All operating profits go to the city. However, prior to the 1979 agreement, there were many years of losses, which are now depreciated against market revenues, and the corporation has not paid the city any rent over the \$10. This allows the market to put operating profits into a capital fund. The market still, on occasion, receives capital assistance from the city, the last time being in 1986 for \$1.1 million.

The Market Corporations board has 11 members who were originally appointed by the mayor. There are three city seats on the board and board itself fills the remaining eight seats. There are no market tenants on the board.

The market receives significant financial help from the city. They get free trash pickup and all revenues from the market's parking garage. Combined, these are equivalent to over \$500,000 a year in revenue to the market.

***Case Study: Milwaukee Public Market, Milwaukee, WI – Historic Third Ward Association***

The Market is one of the newest, purposely built public markets in the United States. It has 28,000 square feet at ground level with a mezzanine for seating, events and the market office. It is owned by the local BID, which is legally considered an extension of the City government.

The Third Ward Corporation, a 501 c(3) that is financed by the BID (and membership support) took the lead planning the market beginning in 1998 (the market opened in 2005) and was also the manager of the market for its first three years until it ceded ownership and control to the BID in 2008 which now oversees all aspects of the Milwaukee Public Market. The Third Ward Corporation still supplies the day-to-day management team.

The market lost money for the first three years when the Historic Third Ward managed it. When the BID took over, they changed the mix from a preponderance of fresh foods to a preponderance of ready to eat foods that was more suited to its clientele and downtown location.

All vendors report sales per their lease agreements and the market has experienced a steady increase in gross sales since 2008. It has become one of the leading attractions in downtown Milwaukee.

### **City Department**

When a city department operates a public market.

#### ***Examples:***

Soulard Market - St. Louis, MO

Department of Public Utilities

West Side Market - Cleveland, OH

Various Departments

Essex Street Market – New York, NY

NYC Economic Development Corporation

Eastern Market - Washington, DC

Department of General Services

#### ***Case Study: Eastern Market, Washington, DC – Department of General Services***

Eastern Market is one of the few remaining historic, public markets still operated by a city. It was recently rebuilt after a devastating fire. The main market hall is divided in two sections – one for permanent food vendors and the other for special events and rentals. There is also an outdoor farmer shed, and on the weekends the surrounding street and sidewalks host craft and flea markets.

Improvements to the surrounding streetscape have enhanced the shopper experience and give the market more of a district feel, rather than just a building. The adjacent street is now often closed for market spillover and expanded pedestrianization.

The District established the Eastern Market Community Advisory Committee (EMCAC) in 1999 with bylaws. Stakeholders include community organizations, District of Columbia elected officials, vendors, merchants and professionals that do business on Capitol Hill.

There is still an effort underway to set up a not for profit management company. Information about market finances is not available to the public.

### **Non-profit: Authority**

An Authority is a non-profit public corporation chartered by the City.

#### ***Case Study: Pike Place Market, Seattle, WA - Pike Place Market Preservation and Development Authority (PDA)***

The Pike Place Market PDA is a non-profit public corporation chartered by the City of Seattle in 1973 to serve as caretaker and steward of the city's historic public market district.

PDA staff activities are governed by the PDA Council, a 12-member volunteer board consisting of four Mayoral appointees, four members elected by the Market Constituency, and four members appointed by the PDA Council itself. Council members serve four-year terms.

PDA serves as landlord and manager for 80% of the properties located within the nine-acre Market Historical District. Various private interests own the remaining properties. All buildings and activities within the Pike Place Market, regardless of ownership, are governed by the covenants and ordinances designed to protect and preserve the traditional commercial and cultural uses of the market. Revenues for the market are derived through property management activities. The market is not tax supported.

Large capital improvements have been funded by grants and most recently by a voter approved tax referendum.

The market also has a 501 c(3), The Market Foundation, which works to support human service agencies, advocate for low-income residents and raise funds to support the public purposes of the PDA.

The Pike Place Market Historical Commission is an arm of the City of Seattle Department of Neighborhoods. The Historical Commission has authority over allowable design and use of space within the market, in accordance with city guidelines and policies designed to maintain and preserve the Market's historic character. Commission members are appointed from property owners, merchants and residents within the Historic District.

### **Management Contract and/or Lease with For Profit**

In this instance, the city establishes an oversight committee, but a private corporation, usually selected through competitive bid, undertakes the actual operation of the market. Generally the city must periodically re-bid the management contract competitively.

#### ***Examples:***

City Market - Kansas City, MO

Ferry Building Marketplace – San Francisco, CA

City Market - Charleston, SC

KC Commercial Realty Group

Ferry Building, Investors, LLC

City Market Preservation Trust, LLC

#### ***Case Study: City Market, Kansas City, MO - KC Commercial Realty Group***

City Market began in 1857 and now encompasses over 100,000 square feet of market stalls, sheds, restaurants and a museum. The city no longer operates the market and hires an outside operator on a competitive bid basis.

KC Commercial Realty Group is a private, for-profit real estate company retained by the City of Kansas City to operate the market under a private management contract and is the master lease operator of record. There is also a 13-member Oversight Committee that acts as a watchdog for the markets interests.

The city continues to subsidize market operations and pay for capital improvements. This has been considered an excellent investment, as the market has been the catalyst for a broader revival of new businesses, residents and downtown in general.

In 2004 an independent Friends of the Market incorporated as a 501 c(3) to assist with education, fundraising and programming for the market.

### **Privately Owned and Operated**

In this instance the public market is owned and operated by a private company.

#### ***Examples:***

Grand Central Market - Los Angeles, CA

The Yellin Company

Los Angeles Farmers Market – Los Angeles, CA

A.F. Gilmore and Co.

#### ***Case Study: Los Angeles Farmers Market, Los Angeles, CA - A.F. Gilmore and Co.***

This (private) public market has been owned by the Gilmore Family since it's opening in 1934. The actual management company, the A. F. Gilmore Company, oversees the markets operations.

The market is run for-profit and makes a profit. Figures are not available.

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