


**MADISON  
PUBLIC  
MARKET**

## The Economic Contribution of the Proposed Madison Public Market to the Regional Economy

June 16, 2010



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## Construction of the MPM

- ❖ Of total project cost, only costs specific to MPM were analyzed (\$9.7 million of total project cost of \$41.4 million)
- ❖ Costs separated into 4 categories
  - ❖ Construction (\$100.41/sq. ft.)
  - ❖ Tenant Improvements (\$60.00/sq. ft.)
  - ❖ Soft Costs (\$25.00/sq.ft.)
  - ❖ Developer Fees (\$15.00/sq.ft.)
- ❖ IMPLAN multipliers applied to determine indirect/induced effects to compute total impact and jobs

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## Overview

- ❖ Background
- ❖ Construction of the MPM
- ❖ Operation of the MPM
- ❖ MPM Tenants
- ❖ Job Creation/Support
- ❖ Tax Revenue
- ❖ Summary/Conclusions

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## Construction of the MPM

- ❖ Direct in-region cost of \$8.7 million (\$9.7 million total - \$8.7 spent in the region)
  - ❖ Indirect/induced effects of nearly \$6 million
  - ❖ Total economic impact in region=\$14.7 million
- ❖ Job Creation and Support
  - ❖ 25 direct jobs (of 130 total project jobs) attributable to MPM in year of construction
  - ❖ \$8.7 direct spending in region yields an additional 121 jobs indirectly
  - ❖ 146 total jobs supported in year of construction

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## Background

- ❖ Study commissioned by MPM Working Group led by Common Wealth Development and Blue Planet Partners
- ❖ Financial projections and capital budget provided by public market expert Aaron Pohl-Zaretsky
- ❖ NorthStar retained to prepare economic impact analysis in December 2009; Delivered report in April 2010

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## Operation of the MPM

- ❖ MPM operations/admin. staff of 6
  - ❖ \$350,000 in gross payroll annually
  - ❖ 25% lost to withholding and deductions
  - ❖ 4% loss to spending outside the region
  - ❖ Total payroll in region = \$248,500
  - ❖ \$160,000 in indirect/induced effects
  - ❖ \$408,537 in total impact due to payroll
- ❖ Non-payroll expenditures
  - ❖ \$548,600 in total annual budget, less \$35,000 in reserves=\$513,600
  - ❖ Estimate of 70% spent in region=\$359,520
  - ❖ \$178,435 in indirect/induced effects
  - ❖ \$537,955 in total impact due to non-payroll exp.
- ❖ Total impact from operations = \$946,492

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## Tenants of the MPM

Business Type	Units	FTEs / Unit	Total Workers	Avg. Annual Wage/Worker	Total Gross Payroll
Outside Stalls	15	2	30	\$24,980	\$749,000
Stores	8	10	80	\$24,960	\$1,008,000
Stalls	25	4	100	\$24,980	\$2,498,000
Cafe	7	2	14	\$24,980	\$349,440
Restaurants	3	12	36	\$24,960	\$898,560
<b>TOTAL</b>	<b>58</b>	<b>26</b>	<b>260</b>		<b>\$6,492,600</b>
<b>TOTAL CONTRIBUTORY PAYROLL (71% of Gross)</b>					<b>\$4,607,618</b>

- ❖ Tenant budget in region
  - ❖ \$4.6 million in payroll (71% of \$6.5 million)
  - ❖ \$5.8 million in costs of goods (90% of \$6.5 mil.)
  - ❖ \$4.1 million in other expenses (75% of \$5.6 mil.)
  - ❖ \$14.6 million total yields \$9.5 indirectly/induced
  - ❖ \$24.1 million in total economic impact

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## Tax Revenue Generation

Average sales tax paid by Wisconsin residents is 2.36% of personal income\*

Sales Tax Source	Income
MPM Operations Staff Payroll	\$255,000
MPM Tenants' Employees' Payroll	\$6,489,600
Created Jobs Payroll	\$31,794,800
<b>Total</b>	<b>\$38,539,400</b>
Sales Tax Revenue (2.36% of Income)	<b>\$909,530</b>

\$1.3 million in income taxes +  
\$909,530 in sales taxes =  
**\$2.21 million in total tax revenue**

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\* Wisconsin Taxpayers Alliance

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## Job Creation/Support

- ❖ Non-payroll spending
  - ❖ MPM - \$359,520 yields 3.56 jobs
  - ❖ MPM Tenants - \$10 million yields 236.9 jobs
  - ❖ Total of 240.5 jobs from non-payroll spending
- ❖ Direct employment
  - ❖ 6 MPM employees support 8.33 more jobs
  - ❖ 260 MPM tenant employees support 293.7 jobs
  - ❖ 302 additional jobs supported through direct employment

266 direct jobs + 240 created through non-payroll spending + 302 created through direct employment =  
**808 jobs per year attributable to MPM**

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## Summary & Conclusions

- ❖ Construction of the MPM will generate 1-time benefits of \$14.7 million in economic impact and 146 jobs
- ❖ Once the MPM reaches full capacity, the following benefits can be expected:
  - ❖ 58 new businesses
  - ❖ 808 jobs maintained each year
  - ❖ \$25 million in total economic impact each year
  - ❖ \$2.2 million in annual tax revenue
  - ❖ New development and increased regional economic activity (potentially tens to hundreds of millions of \$)
  - ❖ Enhanced quality of life

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## Tax Revenue Generation

- ❖ Based on average income tax rates for specified salaries, MPM operations staff will pay \$15,196 in income taxes annually
- ❖ Based on average salaries for workers in related industries, MPM tenant employees will pay \$374,955 in income taxes annually
- ❖ Based on average wages in the state, jobs created indirectly will yield \$909,530 in annual income taxes

**Total State Income Taxes = \$1.3 million**

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ECONOMIC CONTRIBUTION OF THE PROPOSED MADISON PUBLIC MARKET 12