



PUBLIC MARKET BUSINESS PLAN

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Prepared for



Prepared by



With

Destree Design Architects, Inc.

Bert Stitt & Associates/Mark Stevens

Ideal Builders, Inc.

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INTRODUCTION

The City of Madison, Wisconsin is the Midwest's epicenter for local food. Madison is leading the country in city-wide support of local farmers, producers, and suppliers through an extensive neighborhood network of farmers markets (including the largest in the country), strong membership in Community Supported Agriculture (CSA) programs, multiple restaurants using ingredients from local farmers and producers, a burgeoning wholesale local food hub, a new shared-use commercial kitchen, and thriving food cooperatives which feature products from local growers and producers. At the forefront of Madison's

focus on local food is a deep desire to improve and sustain the region's environment and provide access to healthy, local food for all of its residents.

Despite these impressive efforts, the City still does not have a permanent home for local food – a public market. However, for almost a decade, the City has been working toward this goal. In October 2013 the City, with the Local Food Committee (LFC), retained Project for Public Spaces (PPS) to complete a three-phased process culminating in a business plan for a new public market.



For approximately 18 months, PPS worked closely with the City on these three phases. First, in Phase One, the team worked to determine the feasibility of and concept for a permanent public market (see Appendix A for the full report). Phase Two included a review of three potential neighborhood-based public market sites. The team evaluated these sites based on a variety of criteria including sales potential, vendor preferences, the availability of real estate, the potential to create a district, and the potential to create an extraordinary public space. This analysis led to a recommended location that was ultimately endorsed by the LFC and the Madison Common Council (see Appendix B for the site analysis report). Finally, in Phase Three, the team combined extensive research of the region's local food scene and potential customer base with our multi-decade experience developing plans for public markets into a final business plan.

Throughout these phases PPS completed, with the help of City staff, an extensive public outreach process. The team engaged key stakeholders in a number of ways, including advisory interviews with leaders in the local food movement and outreach to potential vendors with an open house, organized focus groups, and a survey. The team also engaged the public - the Market's potential customers - with meetings and a survey to gather their hopes and wishes for the project. In the beginning of Phase Three, PPS facilitated a Placemaking Workshop, which was open to the public and attracted over 70 participants. This workshop, which was held near the site of the future Public Market, gave participants an

opportunity to evaluate and suggest potential uses for the future Market site and its surrounding areas (see Appendix C for complete results of the workshop).

Paired with this extensive public outreach process was a commitment from the involved parties that Madison's Public Market must be welcoming to all City residents, both as potential customers and as vendors. Through the City's Racial Equity and Social Justice Initiative, this project has been, and will continue to be, reviewed through a lens of racial and social equity. Public markets have always been exceptional public spaces for communities to come together under one roof, to celebrate differences and similarities and to provide low-cost and low-risk opportunities for new businesses to grow, especially those owned by women, minorities and immigrants. Madison's Public Market should be no different. We heard through our public outreach process that a commitment to equity is important to this public project's perceived success, and the Market needs programming that is attractive for all residents, business opportunities for all levels of entrepreneurs and support for diverse price points and food access programs.

Through our research of Madison and the Southern Wisconsin regional local food system, along with our deep experience working with public markets throughout the country, we have come to the conclusion that a public market in Madison has the potential to be a great success for local farmers and producers. More importantly, it can be a new, extraordinary destination for City residents. Madison's Public Market cannot be simply a retail, wholesale

and production space for the promotion, sales and distribution of local food. It must also be a great public space that attracts residents from throughout the City and region. The Public Market's location (in a City-owned building between East Johnson Street and East Washington Avenue along North First Street) has great potential for several reasons, including a location with strong characteristics for public market use, a wonderful connection to a public park and the Yahara River and because it is surrounded by property that can complement and add to the Public Market's uses and activities. These complementary uses (like restaurants, wholesale facilities, and production kitchens) are the basic elements of a thriving public market district. If these elements continue to grow, Madison's Public Market and the surrounding area have great potential to evolve into this type of district. While the majority of this business plan exclusively addresses the Public Market building and surrounding property, it begins with an introduction to the concept for how a district may develop over time in Madison in order to provide context for many elements in the design of the Market.

This business plan should be viewed as a living document that will need to continue to evolve along with the local food economy in Madison between now and opening day of the Public Market. Not only do we expect the vendor pool to continue to expand and mature, but the private sector is now seeing new opportunities as well. If the City of Madison moves with all due speed in the development of the Public Market and the Market District, there is a remarkable once-in-a-generation opportunity to see the fruition of this long-held community dream.

CREATING A PUBLIC MARKET DISTRICT

Using site selection criteria developed at the end of Phase One of our study, we worked closely with City staff to assess three sites presented to us based on input from the four public outreach meetings. Based on this analysis, PPS recommended that the City of Madison pursue further the development of a public market district on the East Washington Avenue/Yahara River site. Based on this suggestion, the LFC and the Madison Common Council affirmed this site as the preferred location for the Public Market.

Within the site is an existing City-owned structure called the Fleet Building that is currently used by the City's Fleet Services Department to maintain City vehicles. However, Fleet Services plans on relocating in several years. While this structure and the adjacent site is the focus of this business plan for the Public Market, this Market is an integral part of a growing and evolving broader market district. Market districts usually have a public market as their centerpiece, and related businesses, such as restaurants and specialty food stores, choose to locate nearby to create a synergistic and dynamic economic zone.

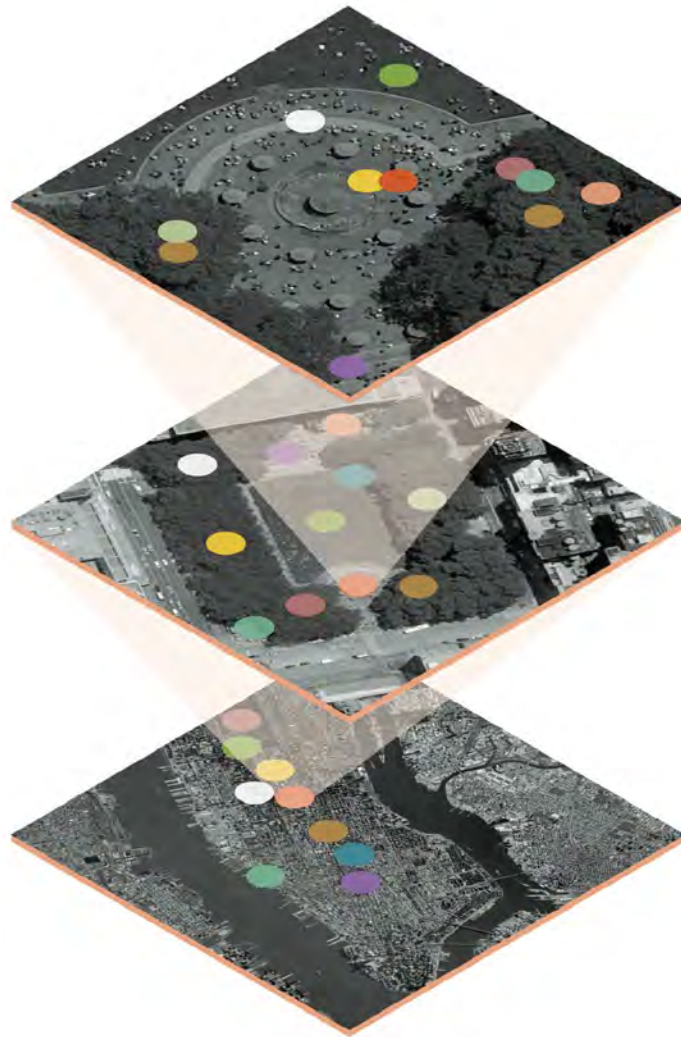
As we have said throughout the planning process, the Public Market needs to be not only a food destination, but an extraordinary, year-round destination for residents of Madison to gather. Madison's shoppers are willing to travel to a variety of stores for their groceries, as seen in our surveys and focus groups, but they need a compelling reason to do so. If the new Public Market is seen as a strong social and food destination, is large enough to make the trip worth their while, and is adjacent to a variety of other attractions, it will be better suited to succeed

alongside the City's other grocery and specialty stores.

The planning of the Public Market on the East Washington Avenue site has incorporated a principle PPS calls the Power of 10 (see Figure 1). The Power of 10 principle states that a major destination, like a public market, should have at least 10 things to do. Moreover, within the market district, there should be at least 10 such destinations.

The East Washington Avenue site offers a number of opportunities for the development of a public market district. The site is located in a dense area of the City serving a variety of demographics, it is centrally located along a burgeoning development corridor, it has high traffic and visibility and excellent transit access, it shows the potential of strong sales and already it is under significant public ownership. Perhaps the site's greatest strength is the potential to transform the public spaces and privately owned adjacent parcels around it.

POWER OF 10+



PLACE

10+ things to do layered
to create synergy

DESTINATION

10+ Places to go

CITY/REGION

10+ Major Destinations

Figure 1

Potential Destinations in the Market District

This section, and the following map, provides an overview of the key immediate destinations for the market district, beyond the Public Market itself. This market district will connect and extend the Public Market into the adjacent community and potentially create many spinoff economic and community benefits.

One destination that already exists, but with untapped potential, is the nearby **Yahara River**. The Yahara River Corridor has been the subject of a separate City-sponsored planning process, and there are many opportunities (also identified in our Placemaking workshops) for it to become an even more popular destination. Conceptual plans prepared by the City, as a result of its planning process and our community workshop, have explored the potential of a pedestrian promenade connecting the Public Market to a new boathouse on the Yahara. Other amenities such as a kayak/canoe access point have also been explored. Vending including food carts and other markets could extend into the park along this promenade (although income from these elements have not been included in the business plan). This would connect the Public Market to the river and Madison's remarkable lake system.

Burr Jones Field is a City Park dedicated to active recreation that can be programmed and redesigned to be a major public destination by expanding the types of public use available there. Combined with the Market, the park has the opportunity to be a focal point of healthy lifestyles: active recreation combined



with healthy eating. Programming the park for special events will complement the activities in the Market. The design of the park has been integrated into the Yahara Riverway planning process. Though Burr Jones Field will continue to serve the community as a park (including a large playfield) the Yahara Riverway Planning process and the Public Market planning process have opened the discussion about ways to add amenities and features to the park that expand its offerings and integrate it with these other initiatives.

The owners of the **Washington Square Shopping Center Site** on East Washington Avenue (commonly referred to as the “Fiore Shopping Center”), adjacent to the Public Market site, are planning a redevelopment of this entire property and have expressed interest in coordinating with the development of the Public Market. Complementary uses in market districts include restaurants, artisan breweries, specialty food uses, grocery stores, and other food uses. There may also be an opportunity to share parking. The site plan for the Public Market leaves a portion of the Fleet Building site for “future expansion,” recognizing the importance of planning the redevelopment of this shopping center in a coordinated way with the Public Market. This would also help give the Public Market a visual identity on East Washington Avenue.

The Marling Lumber Company site on the east side of East Washington Avenue and the Yahara River is for sale and again affords another opportunity for a coordinated district.

Stretching north from the Fleet Services site, the **Packers and Pennsylvania Avenue Corridor** is another opportunity for projects and development that complements the Public Market. Largely industrial in character, this area offers opportunities for low cost food storage and processing space to serve businesses and organizations that would benefit from proximity to the Public Market but would favor lower cost, industrial space. As the historic and current site of the Oscar Meyer plant, this area has a long-standing tradition as a place for food processing and manufacturing. The Public Market could be a catalyst for launching the 21st century model of a



food innovation corridor. It should be noted that the FEED Kitchens (a shared kitchen incubator) is also in this area.

Note that the rest of this document is primarily focused on the Business Plan for the Public Market Building itself. The City Staff has prepared a parallel whitepaper that goes into more depth on how the Public Market project fits within the context of a larger market district.



MADISON PUBLIC MARKET DISTRICT

Access and Circulation

The access and circulation by foot, bicycle, car, transit and truck to the Public Market has been coordinated within the market district so there is potential to strengthen linkages and connections between these and other destinations.

Pedestrian connections: Both North First Street and East Washington Avenue are heavily traveled vehicle routes, and are very wide. More needs to be done to make the intersections more pedestrian friendly, and to connect the Market to the north side of North First Street. In addition, freight train tracks bisect the district. Within the district, therefore, we have planned a network of pedestrian connections in order to:

- Create a “main street” character on the North First Street frontage of the market, with wide sidewalks, trees, and amenities. This could connect through the shopping center to East Washington Avenue. We recommend on-street parking on North First Street as well.
- Create a Market Plaza on the south side of the Market, with a pedestrian promenade to Burr Jones Field and the Yahara River, including at-grade pedestrian crossing over the railroad tracks.
- Make a future potential connection to the Washington Square Shopping Center Site (“Fiore”), where there is also a major transit stop.

Bicycles: One of the advantages of the chosen site of the Public Market is its location at a key convergence point in the City’s bicycle network. The location provides convenient access to the capital city trail and both lakes via bike. The aforementioned pedestrian “promenade” will also accommodate bike access into and through Burr Jones Field, and will help create safer and more convenient biking to the Public Market. Moreover, this will have the added benefit of creating an extension of the “Bike Boulevard” on East Mifflin Street and will facilitate safer and more convenient north/south bike travel through the isthmus. Further, the Market will provide ample bike parking and may include some basic bicycle maintenance amenities (permanent work stand and air pump). The City also will coordinate with B-Cycle to get a B-Cycle station at the site as well.



Cars: Access to the Public Market’s on-site parking will be from Burr Jones Field, North First Street, and East Johnson Street. The interior roadways and parking lots, however, are designed to favor pedestrians, and will encourage low traffic speeds and shared, flexible spaces (including the Market Plaza) with special paving and design treatments so they can be used for parking or for market activities.

Trucks: Access for delivery trucks will be primarily from East Johnson Street, and loading docks are concentrated on the west side of the building.

Transit: As noted, there are well-used transit routes on East Washington Avenue and the connection along North First Street and through a redeveloped shopping center site will be important. Currently, over 200 busses per day serve the site and the addition of the Public Market will increase the site’s significance in the City and the number of visitors to this location. As planning for the Public Market and adjacent public market district continues, the City should strive to ensure that the site is not only well served by transit routes, but that transit access is woven into the plans for the site. For example, the City and Madison Metro should explore potentially creating a signature bus stop at the Public Market that perhaps offers seating and other amenities above and beyond just bus stop signage. Further, marketing materials about the Public Market and the future Public Market website should include maps and information about how to get to the Market through transit and other means. Finally, as the City

additional transit investment (such as the proposed Bus Rapid Transit system), the Public Market should be prioritized as a location for transit service and a transit hub location.



Strawberry Bus Stop

photo credit: www.yurukaze.com

Parking

The Public Market site plan shows 85 parking spaces on the existing Fleet Building property. The plaza on the south side of the Market should be designed to add about 35 more parking spaces when there is no outdoor market or other activity.

With the anticipated increase in visitors to the site, the Market will need more parking. The first step should be to create an off-site employee parking lot within a short walk of the Market. In addition, about 45 off-peak, on-street parking spaces should be created on North First Street in front of the Market and an existing parking area in Burr Jones Field could be slightly reconfigured and shared with the market, providing 60-70 spaces. The “future expansion” space on the Market site can contain about 65 parking spaces in the short term as well. In all, there will be 225-235 parking spaces. A shared parking garage should be considered as part of the redevelopment of the Washington Square Shopping Center (“Fiore”), which currently has about 130 spaces. As part of the City’s ongoing work to encourage redevelopment in the “Capitol East District” (East Washington Avenue Corridor between the Capitol Square and the Public Market), the City is currently exploring options and opportunities for consolidated structured parking facilities in this area. As this analysis and planning moves forward, the Public Market should be considered as a location for a multi-function, city-owned and operated structure that could serve the Public Market, provide parking for the redeveloped shopping center, and the broader district. Structured

parking is undeniably expensive. However, as the East Washington Avenue corridor continues to sprout new large-scale development and tax base, the need for additional structured parking will increase and so will the availability of financial resources to pay for it.

PUBLIC MARKET
PROGRAM AND DESIGN

By its very nature, a public market is many things to many people. This will be particularly true in Madison given the City's numerous stakeholders and highly engaged citizenry. The extensive public outreach process completed during the business planning effort reached many key Public Market constituencies and elicited a multitude of desires. These included expanding the regional food economy, providing affordable start-up business opportunities for small businesses, and creating an enjoyable, comfortable place where the entire community can gather, share, buy, sell, learn, and enrich the civic spirit for all.

The recommended program for the Public Market takes into account all of these hopes and wishes, which is vital to the success of a public market. Collocation of a variety of uses and flexible elements will make this Market an extraordinary "place" for Madison and allow the Market to be many things to many people.

One of the reasons the Fleet Building and its adjacent City-owned properties rose to the top as the preferred location for the project is because of the potential for both the building and the larger site to offer a diverse public market program, from large wholesale operations to small temporary stalls. Whether shopping for an institution, a restaurant, a family or an individual, the Market will have something to suit all tastes and budgets, and will be able to serve all of Madison's residents.

At its heart, the Market's goal is to support the local economy and to serve the needs of a variety of different types of vendors large and small, established

and new. There will be large, permanent stalls that can operate 24/7 for vendors baking, making and creating value-added products from local ingredients. Other large spaces are practical for aggregating and wholesaling with cold storage, loading docks and convenient access for big purchasing customers. Small, affordable stalls will have practical appeal to many of the potential vendors we spoke to during the open houses and focus groups who expressed readiness to start or expand their businesses. Temporary stalls are included to serve the many farmers and artisans who have expressed interest in the Public Market, but who cannot be at the market full time. Along with providing another vending opportunity, these temporary spaces are dual-purpose and can be used for events, parties and community functions. The exterior of the building will provide other seasonal opportunities with space for outdoor stalls, a low-cost way for the Market to expand and embrace the park-like setting on the Yahara River.

To accommodate this multi-faceted program, the Market building will operate on several levels, which will be explored in greater detail in the next chapter. The first floor will serve as the heart of the building and as the location of wholesale, retail and production-based market activity. A mezzanine and third-floor rooftop could accommodate various sized spaces for meetings, events, classes, and social occasions. Both floors offer strategic vantage points for people-watching, observing the Market's activity below and even enjoying scenic views of the Capitol State Building.

Merchandising and Vending Categories

To meet the diverse needs of Madison residents and the desires of the region's producers and artisans, the Public Market will offer a wide spectrum of merchandising opportunities by location as follows:

Indoor Market Hall

Indoor vending is located on the first floor of the market hall, which is organized into three sections – the West Hall, the East Hall and the Market Arcade. This last section can remain open when the rest of the Public Market is closed.

Stores/Restaurants/Production/Wholesale – Building Perimeter: Located on the perimeter of the Market's building, these larger spaces will allow certain types of businesses the ability to stay open beyond the Market's core hours. Most of these spaces

are located in the Market Arcade. These placements will enable, for instance, a bakery to operate through the evening baking a full-line of inventory to have available in the morning, a restaurant to stay open into the evening or a wholesaler to operate in the early morning hours. These spaces will have the flexibility to accommodate a variety of businesses with different requirements, including:

- Fresh food
- Prepared food
- Retail/production (with connected loading dock)
- Wholesale/aggregation
- Specialty grocery store
- Restaurant/coffee shop
- Brewery
- Wine Bar



Fleet Building - Exterior of the future Market Arcade



Store in Chelsea Market, NY

Permanent Stalls – West Hall: The stalls in the West Hall are designed for permanent fresh and prepared food sellers with full utility access. We envision the West Hall as the heart of the indoor Market with good circulation that maximizes display potential for the following types of products:

- Fresh foods
- Prepared Foods
- Arts and Crafts (limited)



Fleet Building - Interior of Future West Hall



Permanent Stall in Flint Farmers Market, MI

Temporary Stalls – East Hall: The East Hall has great potential for a variety of uses. It will basically be a large, open-span, flexible, indoor space. Primarily it will house indoor, temporary stalls for a variety of markets. For example, the East Hall could provide space for the Dane County Farmers’ Market Winter Market, other weekly farmers markets, temporary pop-up craft markets like MadCity Bazaar, and more. As noted below, beyond hosting markets, the East Hall can be set up for special events, concerts, lectures, community meetings, etc. Further, the space could be used as simply storage, aggregation, and product sorting space. Tenants of the temporary stalls would bring their own infrastructure (tables, displays, or Market Management could rent vendors tables at a nominal cost. Some of the many products that may be available in the East Hall include:

- Local, farm products
- Prepared foods
- Arts and Crafts
- Antique and vintage items
- Books
- Music – (CDs, vinyl, cassettes)



Fleet Building – Interior of Future East Hall



Temporary Indoor Market at Sante Fe Farmers Market, NM

photo credit: Sonofabike, 2012, flickr.com

Markets within the Market – East Hall or Third-Floor Roof: Reflecting Madison’s many niche producers and interests, the Market will be an ideal venue to set up temporary ‘markets within the Market’. These markets can operate once a year or on a regular basis. These markets include:

- Farmers Markets
- Flower Markets
- Night Markets
- Craft/Flea Markets
- Antique/Collectible Markets
- Holiday Markets
- Cultural Festivals and Markets
- Used Books, Prints, Maps, Paper Markets
- Auctions



Encants Flea Market, Barcelona Spain

Flexible Indoor Public Space – East Hall: As noted previously, the East Hall can be used for programs and events. Set up theater-style, the East Hall would be perfect for a musical event or lecture, and with the addition of tables it could host a party or wedding with enough room for dancing.

The Demonstration Kitchen, which faces into the East Hall, could programmatically tie into whatever is occurring in the space, and even spill out into the East Hall with additional seating for special events. This kitchen can also serve the catering needs of events in the East Hall. The kitchen can be used in a variety of ways, including:

- Combination vending/public event space for a Winter Market
- Community room/flexible event space
- Demonstration/commercial test kitchen/catering kitchen
- Community breakfast preparation for the Dane County Farmers' Market Winter Market



photo credit : Facebook/Food Book Fair

Market Plaza - Outdoor Space

The outdoor space of the Market is designed to function like a market plaza for outdoor vending and to be an attractive public space for other uses such as seating and special events. It is a multipurpose, flexible space that physically and psychologically connects the Market to the park. Like the Market's East Hall, the Market Plaza can be home to "markets within the Market," mentioned above, within a flexible covered or open-air location. When a market is not in operation, the plaza will be an active public space featuring amenities such as moveable seating and tables, buskers, attractive landscaping, a fire pit for cooler weather, a variety of play features for children, a water feature to play in for warmer months and possibly additional parking.



Fleet Building - Future Market Plaza



Market Plaza at Flint Farmers' Market, MI

Public Market Support Space

A series of support systems and services has been planned within the Market to facilitate the needs of all vendors in an efficient manner.

Loading Docks & Deliveries

As with other operational aspects of the Market, the processes for delivering products to the Market and vendor set-up will be complicated and will evolve over time through the innovation and creativity of vendors and management. Vendors typically find ways to use any available door or opening that they can. One of the advantages of the Fleet Building is that it offers multiple ways to load in and out of the building and vendors will have a wide variety of delivery and servicing requirements. Loading docks have been designed on the west side of the building to accommodate a variety of truck sizes, from small pickups to the occasional semi truck. The docks have an optional lift that can be raised or lowered accordingly to service different sized vehicles. And all doors should be solidly constructed and loading-friendly (i.e. wide, metal doors, automatic holds, level thresholds for carts, etc.). Management may want to schedule delivery times for larger trucks, so as not to interfere with the Market during particularly busy times of the day. It should be noted though that there are numerous markets around the world that operate in facilities that are dense and site constrained.

Trash and Recycling

Vendors will be required to separate and bring all waste and recycling items to the centralized handling facility on the west side of the building adjacent to the loading docks and storage area. It should be the goal of the Market to reduce waste as much as possible. This can be encouraged in the leasing process by discussing waste plans with potential vendors.

The recycling area is large enough for a collection system to recycle at a minimum: organic waste (can be composted) cooking oil, fat, plastic, paper and cardboard. Separate bins or containers for each of these commodities will be supplied.

Non-recyclable materials will go into an enclosed dumpster with a compactor.

The entire area will be designed with a floor that can be easily cleaned. Underneath the compactor will be steel rails and a sloped floor with a drain and grease trap that can be regularly cleaned. The existing use of the building as a vehicle storage and maintenance facility provides many benefits that will serve the operations of the market, including existing “trench drains” in the main halls.

The Market should be a model for waste reduction in the City.

Storage

A centralized cold and dry storage facility has been planned in the same area as the loading docks and recycling area. While some of the permanent spaces can store product within their leased premises, most

of the smaller stalls will require additional storage.

With the market's flexible design, more storage space can potentially be accommodated if the leasing process reveals a high level of demand for food aggregation and storage. The floor plan shown in this document is preliminary and geared toward maximizing space for vending. The floor plan could be adjusted to reprogram spaces identified for retail/processing or for vending stalls and use some of these spaces for food storage/aggregation. For example, the Wisconsin Food Hub Cooperative could be a tenant in the project if space were made available for this use. It is also important to re-emphasize that the Public Market is being designed as the centerpiece of a larger market district and surrounding properties may be better suited for large scale food warehousing. For example, as mentioned above, the area north of the site along the Packers and Pennsylvania Avenue Corridor includes existing low-cost warehouse space that could serve food producers needing storage space and interested in proximity to the Public Market.

Utilities

The Market has been designed with a flexible utility grid providing electricity, water and gas to all permanent tenant spaces. Different types of vendors will have widely varying utility needs. For example, a meat vendor requiring extensive refrigeration or a BBQ vendor using a gas or electric grill as part of their space, will use far more power than a farmer selling

tomatoes out of a box. The fairest way to address this is to have each space within the Market individually metered so tenants each pay for their own actual usage. Based on years of experience in other markets, PPS recommends this type of system if possible. However, individually metering tenants adds costs to the project (both upfront capital costs and long term operational costs) and alternative systems could be explored.

In the East Hall and Market Plaza, temporary tenants will have access to limited utilities that will not be individually metered. These vendors may be required to pay a nominal or estimated fee for usage.

Meeting Space and Offices

The second floor includes a meeting space that can be flexibly scheduled and used for community meetings - neighborhood associations, local non-profit meetings, etc. The adjacent office area is intended for the Market staff. There may be opportunities to incorporate additional office space into the facility that could be leased to non-profit organizations that have links to the Public Market (e.g. food-based advocacy organizations, small business support groups, community financing organizations, etc.).

Community Programming and Outreach

From the beginning of this project, Madison's Public Market has been conceived as more than just a retail food destination. Beginning with the Request for Proposals and followed by extensive public outreach efforts, it was clear that the Mayor, the LFC and City residents want this Market to be a home for the region's local food movement, as well as a community destination featuring a variety of programming and outreach for all City residents.

There is no better place to focus on the importance of local food and to engage the public in a variety of issues from healthy eating to environmental sustainability than a public market, and many public markets around the country are doing just that. Along with a robust merchandising program, Madison's Public Market will also need to develop a strong programming component to set the Market apart from traditional retailers and to bring a great public benefit to the community.

Some elements of community programming that should be set into motion by day one, or within months of opening day, include:

- Acceptance of Supplemental Nutrition Assistance Program (SNAP).
- Acceptance of MadMarket Double Dollars (the City's incentive program to make healthy, local produce more accessible for low-income residents)

- On-site meetings for participants in the Federal Women, Infant and Children (WIC) program and acceptance of WIC and Farmers Market Nutrition Program (FMNP) coupons.
- On-site cooking demonstrations and nutrition education.
- Gleaning of unsold food for donation to food pantries and other food rescue services.
- An educational series featuring speakers, movies, book readings, and more on local food, farming and production.
- Youth programming that introduces the City's children to healthy eating, cooking and environmental stewardship.

These ideas are just the beginning. Over time, the Market will tackle other issues like vendor support/development, support for satellite markets in other neighborhoods, and farm to school efforts. This will evolve as management and Market stakeholders begin to better understand how best the Market can contribute to the wider community.

Keeping in mind the importance of community programming and outreach for Madison's Public Market, we have developed a physical layout to accommodate these efforts. Along with traditional market stalls and stores, the Market features a variety of spaces that serve the community, increasing the public benefit of the project.

Demonstration Kitchen

The demonstration kitchen can be programmed during Market hours with guest chefs, restaurateurs, home cooks, celebrities and even children. It is designed so that it can be used for smaller, intimate demonstrations or it can spill out into the Market with additional seating and viewing areas. The Demonstration Kitchen can also be used as a catering kitchen to serve banquets and events in the East Hall. For example, the kitchen could be used for the farm breakfasts that are part of the Dane County Farmers' Market Winter Market.



Demonstration Kitchen at Flint Farmers' Market, MI

Meeting Rooms and Event Space

The location, design and layout of the Market offer myriad opportunities for meetings and events, including the East Hall, a community room on the mezzanine, and potentially a rooftop patio on the third floor. It may even be possible for multiple events to be held simultaneously. The reasonable rental rates will entice local non-profits to host meetings or forums at the Market, and space could be provided for free to groups that the Market is especially interested in serving, such as WIC participants or youth groups. Larger event spaces within the Market will be perfect for food and/or environmentally focused festivals, panel discussions and movie series. The programming of the Public Market for events will be tailored and marketed as a space for local events of a type and scale that would not be significantly competitive with other publically supported event facilities in Madison such as the Monona Terrace.

Places for “Civic Story Telling” – History, Art, Environment

Several spaces within the Market, such as the Market Arcade and mezzanine, can feature curated local art or historical exhibits. One idea for the inaugural exhibit would be to showcase the “Stony the Road” project. This project is an effort by a group of local citizen historians who are chronicling the rich history of Madison’s first African Americans who settled on the near east isthmus. This story interweaves the history of the City, its rich African American history

and ever-changing diversity, and it even ties in the history of Madison's original City Market building on Blount Street.

Other exhibits and interpretive displays telling the story of Madison - its culture, its environment and, in particular, its food and agricultural traditions - should be programmed as part of the exhibit and interpretive displays at the market. Rotating art installations that perhaps build on the successful "Bubbler" project at the Madison Public Library could also be explored as part of the project. In addition, given the site's proximity to the river and location on the isthmus, the Public Market should incorporate information and displays about the importance and health of Madison's lakes and waterways. The City has even discussed partnering with the Madison Metropolitan Sewerage District on ways to celebrate the adjacent Pump Station #1 (major underground pump facility next to the site) with interpretive signage and information about infrastructure, the water cycle, and waste systems. This type of civic storytelling could be programmed into the Public Market as part of a small museum-type space, or it could be speckled around the Public Market in different locations - again, looking to the downtown Madison Public Library as an interesting model.

Wholesale Space

It has been the intent of the Market from the beginning to be a project that supports opportunities for farmers to scale-up their operations and collaborate with one another to better access wholesale markets.

Further, the vision for the Market includes potentially helping to connect wholesale and bulk buyers (restaurants, small local grocers, institutional food buyers, etc.) to local products. To do this, the Market must establish strong connections with growers, aggregators and buyers so the Market can become a hub. In anticipation of this, the Market has been designed to include space for wholesale activity, including an aggregation space with cold storage and larger stores which can operate as both wholesale and retail operations. Although the Market is limited in the amount of space it can rent to wholesale activity, and cannot compete with other areas of the City that can rent space for much less money, the Market can create awareness, help relationships and provide



Appalachian Harvest Local Food Hub, VA

photo credit: Appalachian Sustainable Development

auxiliary functions to play a very strong role in facilitating the growth of the wholesale trade for the region's food economy. As mentioned previously, the City should work with wholesale food enterprises on opportunities to locate facilities in other areas near the Market on Madison's north and east side.

CSA Pickup

Madison has one of the nation's most robust networks for Community Supported Agriculture (CSA) farms. Many Market shoppers are likely to be CSA customers and the Market will be a convenient place for vendors to operate a CSA pickup; this could be done out of vendor stalls or even out of the dedicated aggregation/cold storage space. The Public Market could offer a "swap box" for CSA members and home growers to share and trade extra produce or drop things from their CSA box that they don't want.

Shared Work Spaces

As mentioned previously, the mezzanine could possibly accommodate additional offices, which could be rented to organizations that have some affinity or overlap with the Market's mission. From initial discussions in the community, there may be non-profit groups that are focused on food, small business development, sustainability, or other topics that relate to the mission of the Public Market. Having office space for these types of organizations could create synergies and mutual benefits. Positioning some of

this space as a nonprofit co-working space that takes advantage of shared resources and the synergies of co-location could be explored.

Roof-top Gardens

The third-floor gardens have been included to serve as demonstration areas for learning more about gardening and growing practices, but could also be managed by local community gardeners, schools, community groups, or seniors.

Food Pantry Partnerships

As a place where food is brought together, the Public Market should embrace opportunities to partner with organizations that provide for food needs of the community. Having donation programs and opportunities for vendors to share unused products can be part of the programming of the Market.

Market Operating Hours

The overall flexibility of the Market and different types of vending opportunities will allow the Market to establish operating hours that are also flexible. For the purpose of the pro forma we have assumed the Market can be open seven days a week. We also discussed the need for core hours, but the precise schedule should emerge from conversations with tenants and the actual mix of merchandise.

Based on analysis of markets nationwide, the general trend for markets is to be open for more days and for longer hours. Many markets have recently started opening on Sundays, and in most cases it has proven to be the fastest growing day. Closing earlier on Sunday than on weekdays is another general trend. The schedule must be very carefully considered, so the Market's businesses are not burdened with additional operating expenses without the commensurate increase in revenue.

There does not seem to be a magic rule for the ideal number of days for a market to be open. For example, Borough Market, one of the London's main fresh food markets, is fully open four days a week and is partially open Monday, Tuesday, and Friday. Most of the large public markets in the US are open at least five or six days a week. There are exceptions, and some are only open three or four days per week. It is truly a matter of local preference.

In general, the permanent stores in Madison's Public Market should be open for the most hours, with some having the option to be open whenever they wish beyond the Market's core hours, particularly

those that are producing value-added products, such as bakeries. The same concept would apply to an anchor restaurant or café that could open early for breakfast and close late after dinner. The preliminary floor plan is designed to maximize flexibility and build in the opportunity for this type of variation in hours of operations for different types and scales of businesses. The West Market Hall will, in large part, define the core market experience with open stalls, abundant displays and ease of circulation. The hours for the West Hall should be chosen for consumer convenience first and vendors second. However, the south side of the West Hall has been designed so that it may stay open later than the rest of the Hall, in conjunction with special events or uses in the East Hall or second and third floors. Many markets are gradually shifting their hours of operations to stay open later to suit the needs of those who work traditional office or shift hours. Staying open later in the evening would make it convenient for people to shop and to get a bite to eat after work. If the hours shift later, the Market also has the option to open later. Again, this matter should be seen as a 'work in progress' and will naturally resolve itself as the Market evolves. Some markets have opened initially with certain hours and days, and then added another day or more hours as business grew.

The East Hall can be open when there is vendor demand. The East Hall and Market Plaza are more flexible than the rest of the Market Building.

There are many other options available, like keeping different hours depending on the season. Whatever Market management decides, the schedule must be clearly communicated to the public.

Public Market Design

One of the central reasons the City, the Local Food Committee and PPS focused in on the selected site is the incredible opportunity offered by the Fleet Services Building. The Fleet Services Building is very well suited to conversion to a public market. As a large, solidly constructed building organized into two large bays with high ceilings, overhead doors, and a two-story mezzanine, the building is, to some extent, “pre-designed” to accommodate conversion to a public market. Further, the “bones” of the building are very strong – the structure is in excellent condition. The Fleet Services Building was constructed in the early 1950’s. It has served the City well as the home of the Fleet Services operations, and, in turn, the City has taken good care of the building.

However, as the City continues to grow, this building is no longer efficient for use as a City garage and for the last several years, the City has made plans to re-locate this operation to a better-suited site on Nekoosa Trail. Along with its many other benefits to the community, the Public Market project provides a graceful transition for this structure and offers an economically productive and efficient opportunity for the Fleet Services Building to continue to serve the community.



Floor Plan: Three Options/Phases

There are three options for the proposed design of Madison's Public Market, reflecting different levels of construction costs and revenue potential:

Option 1: Basic Market Halls without Larger Retail/Production Space

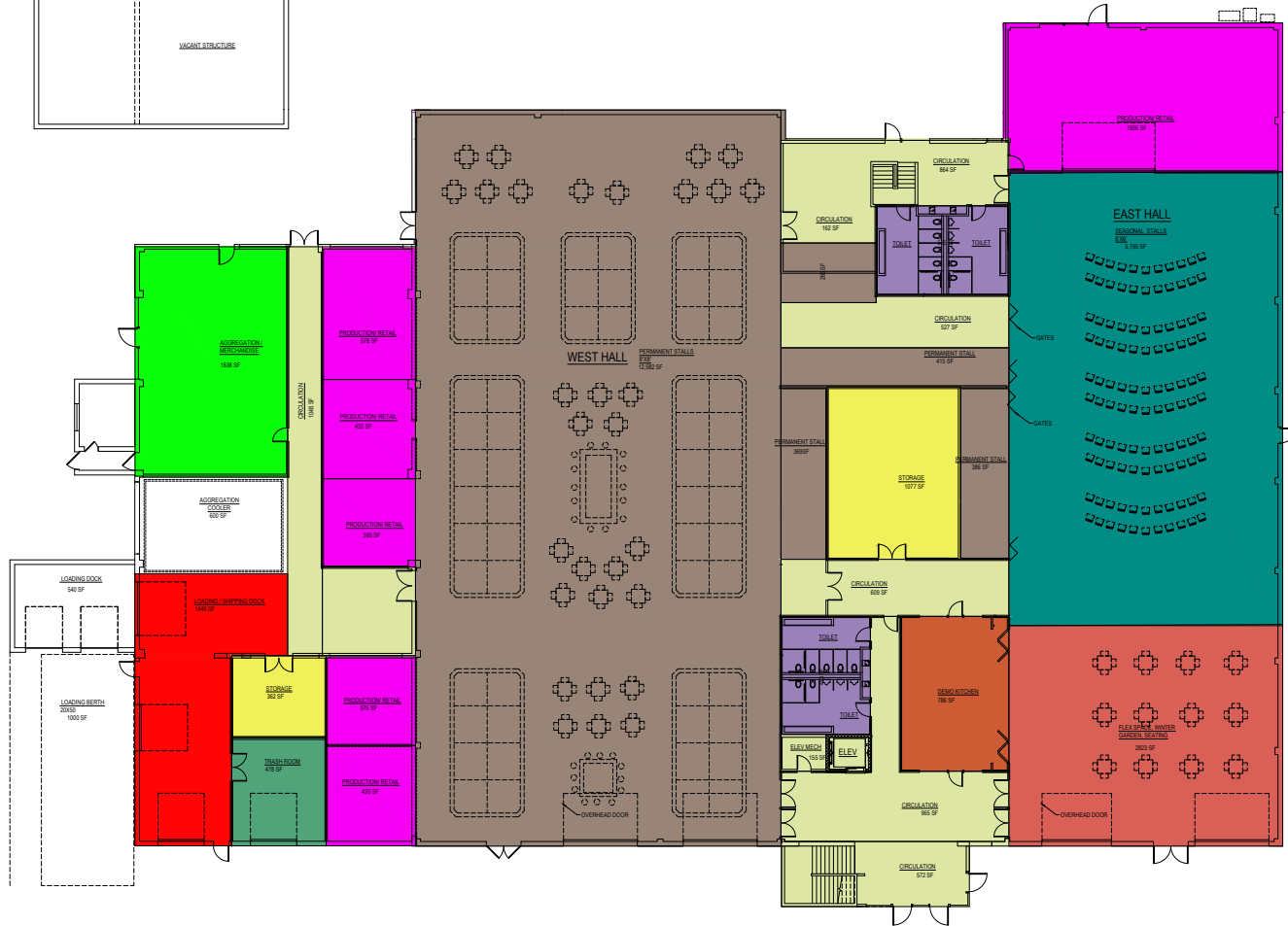
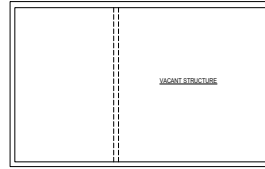
Option 1 would be to develop the Public Market largely within the existing footprint of the City's Fleet Services Building. The project would repurpose the existing building to create the West Hall (Permanent Market), the East Hall (Temporary Market and Flex Space) and the first floor and mezzanine space in between. About 4,000 square feet of new space would be added for loading and aggregation-- creating a total of 50,230 square feet. Some space would be available for the utility corridors and storage space. This option would not include a "Market Arcade" area with larger Production/Retail Spaces on the perimeter of the building.

From the standpoint of capital expenditures, Option 1 would be the lowest cost way to build and open the Public Market, again using just the footprint of the Fleet Building. From an operating standpoint, Option 1 presents significant challenges. The inclusion of the larger production/retail spaces called for in Options 2 and 3 significantly increase the total leasable area of the Market and thereby the revenue for the facility. Eliminating these spaces reduces the overall revenue of the project while many of the fixed operating costs (maintenance, staffing, etc.) would

stay the same. Further, the larger production/retail spaces included in Options 2 and 3 would likely bring in key "anchor tenants" (larger draw businesses like a café, brew pub, bakeries, etc.) and thereby help support sales for the smaller vendors. Based on PPS's expertise, though the Option 1 Market would be less expensive to build and would still create vending opportunities for small businesses and farmers, it would run "in the red" indefinitely and require an ongoing operating subsidy to stay open.

LEGEND

- PRODUCTION/RETAIL 4116 SF
- CIRCULATION/MECH/ELEV 4696 SF
- FLEX SPACE 2823 SF
- AGGREGATION/ MERCHANDISE 1638 SF
- LOADING/SHIPPING 1446SF
- STORAGE 1439 SF
- DEMO KITCHEN 786 SF
- PERMANENT STALLS 14018 SF
- SEASONAL STALLS 5795 SF
- RESTROOMS 1048SF
- TRASH ROOM 478 SF



LEGEND

- CIRCULATION/MECH/ELEV 3059 SF
- FLEX SPACE 1035 SF
- STORAGE 236 SF
- RESTROOMS 374 SF
- OFFICES 1159 SF
- COMMUNITY ROOM 1682 SF
- KITCHENETTE 259 SF



Option 2: Multi-Use Market with Larger Production/ Retail Space

Option 2, which includes everything called for in Option 1, also features a 6,000 square foot addition to the building that would accommodate larger production/retail spaces. Based on PPS's analysis, this additional space would add a variety of benefits to the Market. First, it would significantly increase the total leasable square footage of the Market and increase annual revenue by approximately \$325,000. This additional revenue would help bring the Market to the "break even" point where operating revenues equal or exceed expenses. Further, the addition would bring the project out closer to North First Street, improve the front façade of the structure facing the Emerson East Neighborhood and make the entire facility more visible and attractive from the outside. Finally, based on the vendor outreach process completed during Phase 1 of the Business Plan, Madison has a need for this type of space - leasable space for businesses that is larger than a public market stall but more manageable than a traditional storefront and that can accommodate food retail and production. Option 2 would create a viable Public Market facility that would attract a range of vendors and be a vibrant public space for the community.

LEGEND

- CAFE/RESTAURANT 2662 SF
- PRODUCTION/RETAIL 7223 SF
- CIRCULATION/MECH/ELEV 6548 SF
- FLEX SPACE 2823 SF
- AGGREGATION/ MERCHANDISE 1638 SF
- LOADING/SHIPPING 1446SF
- STORAGE 1439 SF
- DEMO KITCHEN 786 SF
- PERMANENT STALLS 12367 SF
- SEASONAL STALLS 5795 SF
- RESTROOMS 1387 SF
- TRASH ROOM 478 SF
- MARKET ARCADE 1881 SF
- COVERED TEMP STALLS 1872 SF



LEGEND

- CIRCULATION/MECH/ELEV 3381 SF
- FLEX SPACE 1035 SF
- STORAGE 236 SF
- RESTROOMS 374 SF
- OFFICES 1222 SF
- COMMUNITY ROOM 1682 SF
- KITCHENETTE 259 SF



Option 3: Multi-Use Market with Third Floor Public Space

Option 3 would include the components of Options 1 and 2 with a third floor addition and rooftop patio (8,290sf of interior plus a 6,323sf patio). This would be a new structure added onto the roof of the existing Fleet Building and featuring patio spaces and roof gardens. This structure would be unique in Madison, affording a view of the Capitol State Building and creating a flexible Community Garden Room. Both the mezzanine and the Third Floor would be accessible via stairs and an elevator. Option 3 would add significant capital cost to the project. The third floor addition would also increase the event revenue to the facility, but the revenue/cost value is less than for the first floor addition in Option 2. What Option 3 does create is a truly unique public space in Madison with views of both lakes and the Capital State Building in a community-accessible setting.

LEGEND

- CAFE/RESTAURANT 2662 SF
- PRODUCTION/RETAIL 7223 SF
- CIRCULATION/MECH/ELEV 6548 SF
- FLEX SPACE 2823 SF
- AGGREGATION/ MERCHANDISE 1638 SF
- LOADING/SHIPPING 1446SF
- STORAGE 1439 SF
- DEMO KITCHEN 786 SF
- PERMANENT STALLS 12367 SF
- SEASONAL STALLS 5795 SF
- RESTROOMS 1387 SF
- TRASH ROOM 478 SF
- MARKET ARCADE 1881 SF
- COVERED TEMP STALLS 1872 SF



OPTION #3

0 54 108 214
SCALE 3/32" = 1'-0"

MARKET HALL PLAN

LEGEND

- CIRCULATION/MECH/ELEV 3381 SF
- FLEX SPACE 1035 SF
- STORAGE 236 SF
- RESTROOMS 374 SF
- OFFICES 1222 SF
- COMMUNITY ROOM 1682 SF
- KITCHENETTE 259 SF



LEGEND

- CIRCULATION/MECH/ELEV 743 SF
- STORAGE 234 SF
- RESTROOMS 381 SF
- COMMUNITY GARDEN 6313 SF
- CATERING KITCHEN 479 SF
- ROOF TOP PATIO 6323 SF



The table below provides an overview of the financial implications of each option and their respective features, strengths, and weaknesses:

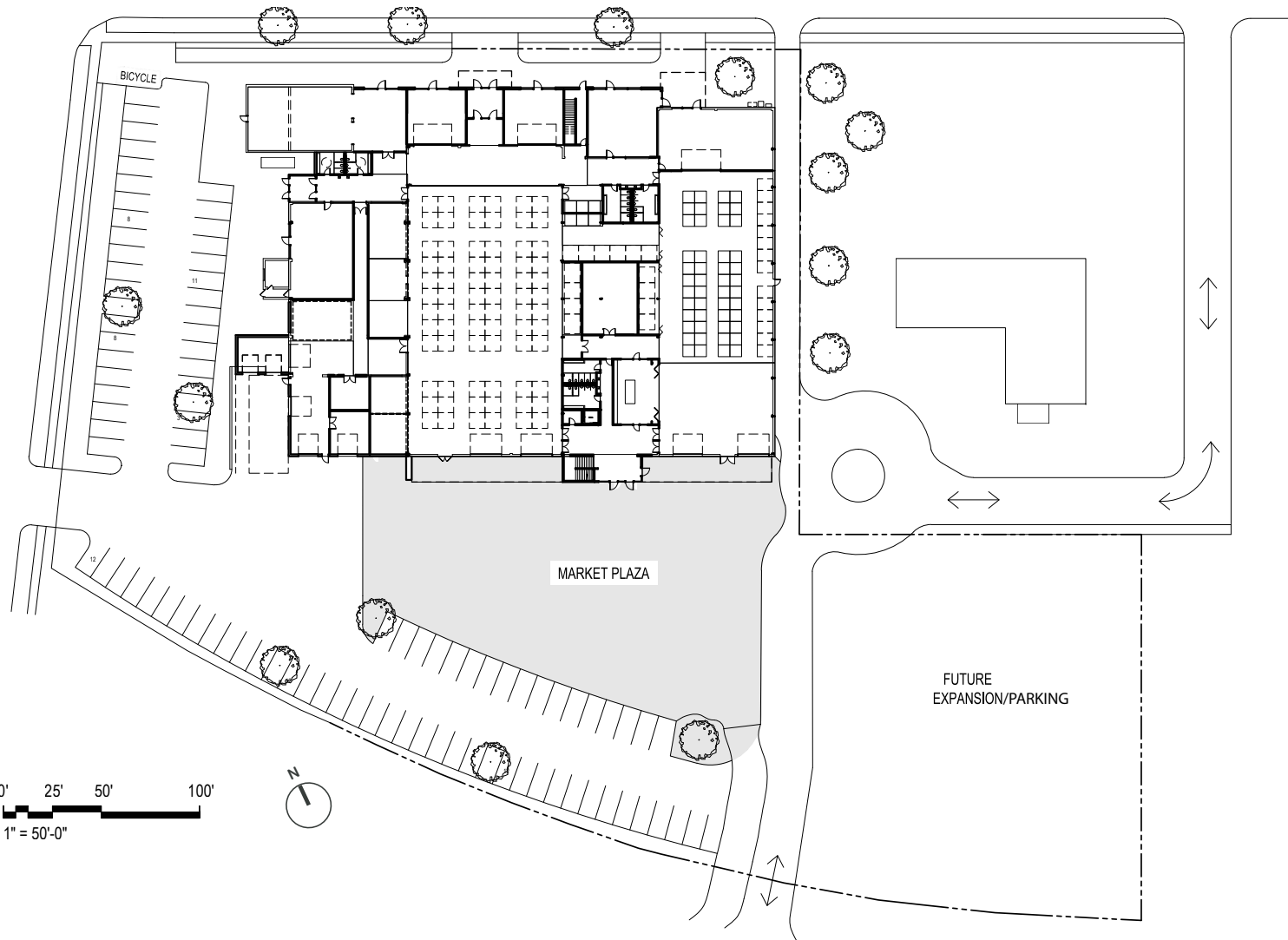
Overview of Capital Costs, Operating Performance and Strengths of Three Design Options			
	Option 1	Option 2	Option 3
Total Square Feet	50,230	56,560	64,850
Total Capital Cost	\$9,495,159	\$10,957,029	\$13,464,203
Stabilized Annual Operating Revenue	\$534,672	\$860,016	\$903,489
Stabilized Annual Operating Cost	\$783,000	\$833,000	\$883,000
Not Operating Income	-\$248,328	\$27,016	\$20,489
Features	<ul style="list-style-type: none"> • West Hall Permanent Vending • East Hall Temporary Vending • Office, Demonstration Kitchen and Storage Space 	<ul style="list-style-type: none"> • West Hall Permanent Vending • East Hall Temporary Vending • Office, Demonstration Kitchen and Storage Space • Production/ Retail Spaces on the Perimeter of the Hall • Market Arcade (internal circulation area) 	<ul style="list-style-type: none"> • West Hall Permanent Vending • East Hall Temporary Vending • Office, Demonstration Kitchen and Storage Space • Production/Retail Spaces on the Perimeter of the Hall • Market Arcade (internal circulation area) • Third Floor Community Space, Roof Garden, Additional Event Space
Strengths	Low capital costs	Opportunity for a range of business types sizes, inclusion of production space, larger retail spaces to accommodate anchors, higher revenue	Advantages of Option 2 plus creating a unique rooftop public space that will increase the appeal of the market
Weaknesses	Insufficient revenue to cover operating costs, lack of anchor draws	Lack of rooftop public space	High capital costs

The subsequent design work, pro forma and economic impacts are based on Option 3. This analysis is intended to show how the “full scale” option would perform financially and how it would operate. This analysis can be easily adjusted to evaluate either of the other two options. The subsequent sections of the business plan, which focus on the operating plan, fundraising, merchandising, etc. are not contingent on any one option and would apply equally to all three.

Public Market Site Plan

The site plan, presented below, shows the proposed changes to the Fleet Building site to add the Market Plaza, parking, and other public spaces. While the site plan delineates a separation of the plaza and parking areas, the concept is to make this as seamless a space as possible. This will allow the plaza to be used for parking when it isn’t being used for a market or other activity.

A section of the site currently housing small storage structures is being designated as “future expansion” space. As noted above, this space can be planned in the future so that the Public Market can establish a strong link to the Washington Square Shopping Center site as it is being redeveloped. In the short term, this space can be used for parking and the structures leased or used for temporary events (income from these spaces is not included in the business plan).



0' 25' 50' 100'
 1" = 50'-0"



Design Goals, Principles, and Special Features

Getting the design right will be one of the foremost challenges as Madison's Public Market project moves from the business-planning phase to the implementation phase. This business plan document includes preliminary floor planning with a recurring theme of flexibility and some illustrations and recommendations for the design, but recognizes that the design of the building is still very much a work in progress. That said, there are several key ideas, goals, principles and philosophies to consider as that process moves forward:

The Greenest Building is One that's Already Built – Cities, developers, and corporations are continually looking for the latest green building “bell and whistles” to incorporate into their construction projects. What these efforts often fail to recognize is that greenest way to build a building is to adaptively reuse an existing one. The preliminary plan for the Public Market also includes a variety of sustainability features and will be a LEED certified building.

Celebrate the “Garage-ness” of The Building – The Public Market will be in an old City garage and the design should not hide or apologize for that, but rather accentuate and celebrate this old, solid building. Over the last two years, Madison's evolving vision for the Public Market intentionally pivoted away from previous iterations of a higher-end downtown facility toward a simpler, cheaper, more flexible, and community-oriented Market. The Fleet Services Building offers the opportunity

for authenticity and a grassroots, community-oriented, informal atmosphere. The use of an old garage provides an ideal environment for this type of character.

Let the Products and Activities be the Main Attraction – From a distance, the Public Market should include features and signage that make it a beacon. As you get closer, the Public Market building should fade into the background and the products, the vendors, the people, and overall activity of the space should be the main event.



Old Strathcona Farmers' Market, Edmonton, Canada located in a former bus barn

The Public Market should become a distinctive structure that incorporates traditional market elements and maximizes the potential for strong indoor-outdoor connections. Some of these features include:

Iconic market signage and retail identity: a rooftop, iconic Market identity sign will help make the Market building a visible focal point in the district. Retail that faces North First Street should also have a strong individual identity, including individual store signs and awnings, as these businesses may have longer operation hours than the Market Hall (see Figure 2). The design of the North First Street façade is scaled to reflect the residential character of private homes on the other side of the street, in contrast to the more open and animated south façade.

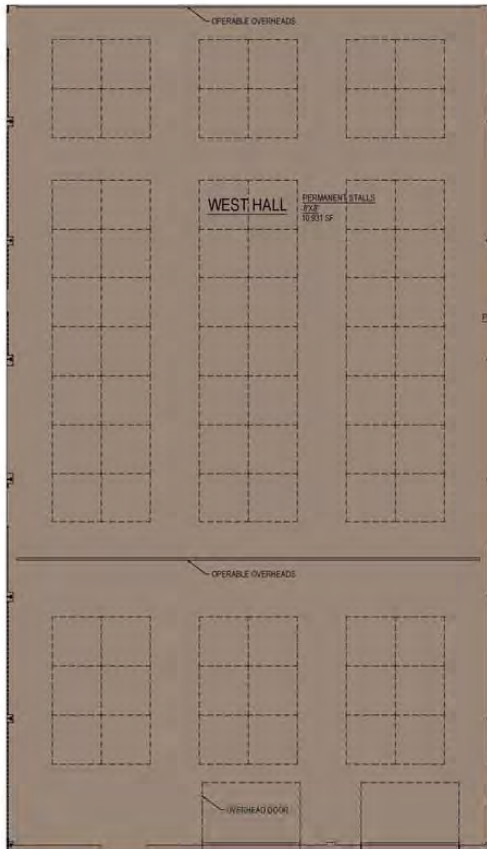


Figure 2

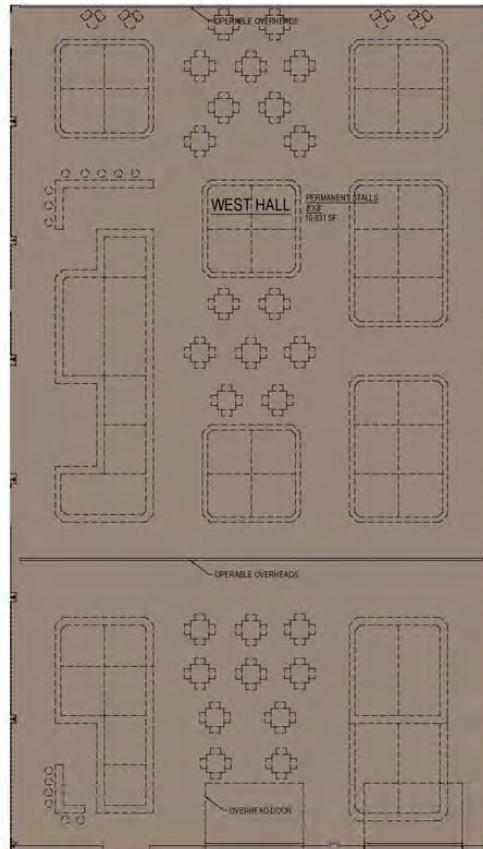
Indoor-outdoor flexibility: both Market Halls will have overhead doors that can be opened in good weather to the Market Plaza, linking indoor and outdoor vending and public spaces.

Flexible retail and vending spaces: the East and West Halls, taking advantage of the existing architecture of the building, have been laid out in a grid format (eight-foot grid in the West Hall, six-foot grid in the East Hall) to maximize flexibility. A utility grid to include stub-ins for water, drainage, and electric will be provided in the West Hall (the East Hall will only include electric outlets). The West Hall can be laid out for permanent stalls and seating. Decisions about the layout of this space will be made during the leasing process and in cooperation with tenants. Seating will enable the sale of prepared food in addition to fresh food. The East Hall vending is expected to be completely temporary and can be used for a variety of events, with the addition of tables and other portable features.

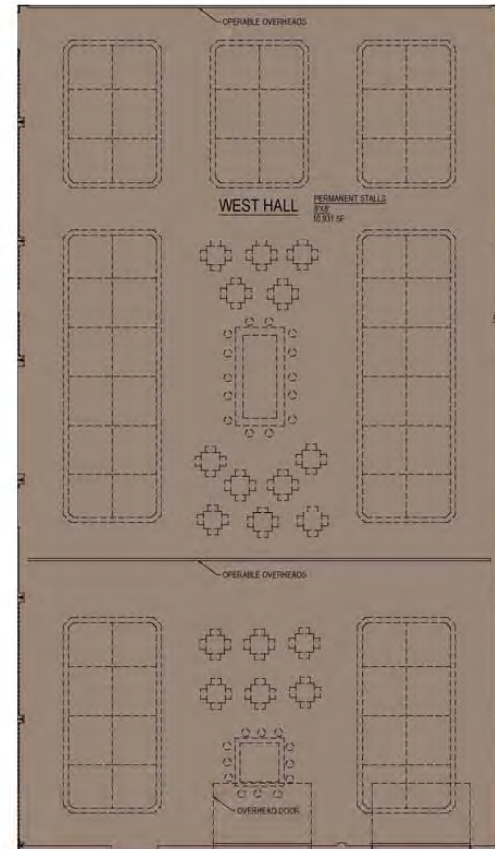
The following drawings illustrate different ways both the East and West Halls can be laid out and demonstrate the ability of the Market to be flexible for vendor and customer needs.



PLANNING GRID

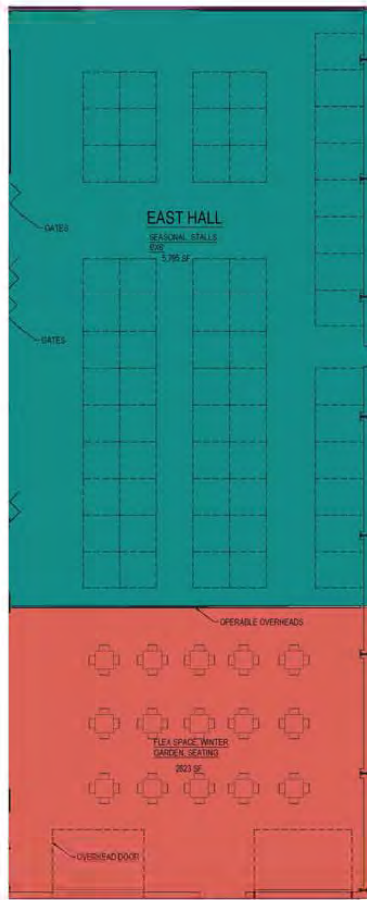


OPTION 1: EXAMPLE TENANT LAYOUT

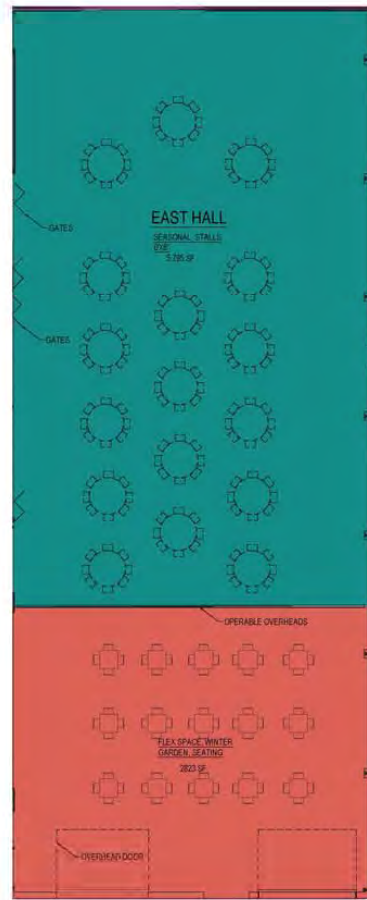


OPTION 2: EXAMPLE TENANT LAYOUT

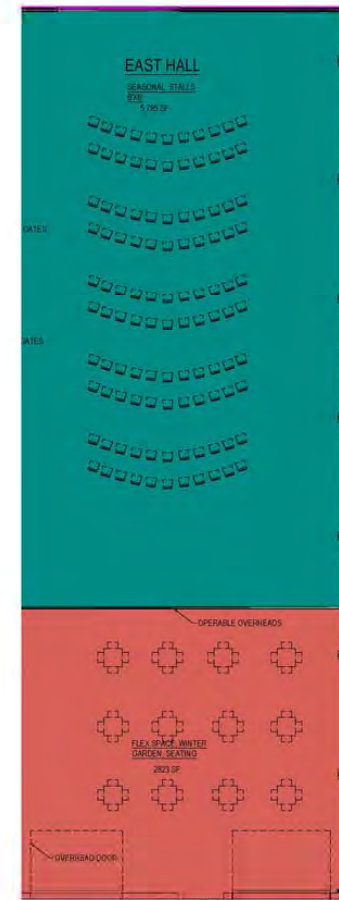
WEST HALL OPTIONAL LAYOUTS



TEMPORARY MARKET LAYOUT



EXAMPLE BANQUET LAYOUT



EXAMPLE THEATER STYLE LAYOUT

EAST HALL OPTIONAL LAYOUTS

Flexible public spaces: there will be abundant seating on all levels of the Market, with a focus on spaces that face south. We anticipate these will become attractions themselves, especially in the winter. Outdoor public spaces, with café seating and other amenities, should be adjacent to all the Market uses on North First Street and to the west entrance of the Market. The outdoor public spaces should be “furnished” with flexible elements including seating, vendor tents, and other elements that can be moved and changed. Permanent elements, such as trees, should be carefully located so as to not interfere with varied Market programming. When the Market Plaza is not being used for outdoor markets and activities, the space can be used for additional parking.

Inside the market, the West Hall is designed to maximize flexibility for different types of markets and events. Utility infrastructure will be designed to facilitate such flexibility and storage facilities located nearby.

The roof terrace should also become an important public space, and take advantage of its view of the Wisconsin State Capitol. As an indoor-outdoor facility it can be used year-round, and roof gardens will add to the attraction.

The next several diagrams include possible layouts for exterior public spaces.







EXTERIOR PUBLIC SPACES - NON MARKET DAY

Cost Estimate

A preliminary construction cost estimate was prepared by Ideal Builders, Inc. based on the conceptual floor plans created by Destree Design Architects, Inc. and PPS, as presented in this report. As discussed previously, the conceptual cost estimate considered three options for the Public Market:

Option 1: Reuse of the existing building footprint, primarily the two main halls – total estimated cost \$9,495,159

Option 2: Option 1, plus an addition for permanent retail/production spaces – total estimated cost \$10,957,029

Option 3: Option 1 and 2, plus a third level addition with rooftop patio/garden – total estimated cost \$13,464,203

Appendix D of this report provides a detailed breakdown of the total costs.

This estimate includes an 8% cost contingency and a 4.04% inflation adjustment for the period 2015 to 2017. Some items (noted on the estimate) have been excluded, such as a hazardous material assessment and remediation of any hazardous materials that might be discovered. Other budget line items include allowances, such as for tenant interior and exterior signs, trash and recycling equipment, and site furnishings. Of the total budget, \$1.19 million

is included for tenant build-out allowances, to be negotiated during the leasing period.

We assume that the project will be publicly bid and the contract performed by a Prime General Contractor using prevailing wage rates; costs are based on a competitive bid process in all trades and sub-trades. Unit costs and labor are based on current construction costs in Madison.

This estimate is subject to further design development, and does not reflect detailed analysis of potential costs savings or a value engineering process. The estimate does not include any improvements external to the existing Fleet Building site, such as Burr Jones Field, and does not include improvements to the Future Expansion Area noted on the site plan.

PUBLIC MARKET MANAGEMENT AND GOVERNANCE

An extraordinary public market for the City of Madison will require an adept, flexible and creative governance structure that can implement and safeguard the objectives of this project during its inception and into the future. This chapter provides an overview of governance options, case studies from a variety of public markets, public market ownership and operational objectives, PPS’s recommendation for a governance structure for Madison’s Public Market and implementation/next steps to make an effective transition to the recommended form of governance.

Management Options

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, concurrent with the revival of public markets, 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, some of which provide greater detail into Board of Director composition and lease agreements, are provided to assist the LFC’s and Madison Common Council’s decisions about what could work best for Madison’s public market.



Nonprofit: 501(c)(3)

One option is for an independent nonprofit organization to run the Market. 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 municipality management 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 Corporation*

Eastern Market, Detroit, MI - *Eastern Market Corporation*

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: Reading Terminal Market,
Philadelphia, PA – Reading Terminal Market
Corporation**

In 1892, the Reading Railroad built this 75,000 square foot public market as part of its new downtown train station and office building. Operated by the railroad until 1990, when it was sold to the Pennsylvania Convention Center Authority (PCCA), the market has been in continuous operation since its inception. Today, the market is still thriving with upwards of 80 permanent tenants and nearly six million visitors per year.

The market was physically renovated in the early 1990s and all of the nearly \$26 million in costs were borne by PCCA. The market is debt free and is leased by PCCA to the nonprofit Reading Terminal Market Corporation.

Owner: Pennsylvania Convention Center Authority (PCCA)

Operator: Reading Terminal Market Corporation, 501(c)(3)

Operator Selection Process: Corporation formed collaboratively by the City and State

Oversight:

Operating Agreement – Lease and Services Agreement

Reading Terminal Market Corporation Board
Composition – seven members

- 1) Pennsylvania Convention Center Authority Appointee
- 2) Philadelphia City Council Appointee
- 3) Mayor of Philadelphia Appointee
- 4) Reading Terminal Merchants Association Appointee
- 5) Reading Terminal Market Preservation Fund Appointee
- 6) Preservation Alliance of Philadelphia Appointee
- 7) Board Chair chosen by the above six members

Key Lease Terms:

Reading Terminal Market Corporation pays no rent to PCCA

Reading Terminal Market Corporation is responsible for raising capital improvement funds

Case Study: Eastern Market, Detroit, MI – Eastern Market Corporation

Eastern Market is a large, historic market district located on the edge of downtown Detroit. The district encompasses mostly private real estate holdings owned by wholesalers, abattoirs, cold storage, apartments, offices and restaurants. The center of the district features a series of five sheds that host retail and wholesale markets, as well as events. The market sheds were operated by the City of Detroit until recently when management was transferred to a nonprofit, 501(c)(3). This transition to a mission-driven, nonprofit management entity has transformed the market district through better management and operations. A strong fundraising effort has led to an ongoing renovation of the sheds and a transformation of the market into a major attraction and economic generator for the City that is largely based on food (local and non-local) as an organizing principle.

Owner: City of Detroit

Lessee and Operator: Eastern Market Corporation, 501(c)(3)

Operator Selection Process: Formed collaboratively with the City, market interests and downtown development organizations

Oversight:

Operating Agreement – Eastern Market Management and Promotion Agreement

Eastern Market Corporation Board Composition includes 15-21 members

All initial board members were appointed by Mayor

All future board members are recommended by the Eastern Market Corporation and approved by the Mayor

1/3 represent City and government interests

1/3 represent Eastern Market District interests and funding representatives

Key Lease Terms:

Eastern Market Corporation pays no rent to the City, but any excess operating funds after all obligations, including debt service, go into the City's general fund.

The City of Detroit's Representative is the primary point of contact for the market.

The City of Detroit will continue to make efforts to secure funding such as Community Development Block Grant dollars.

Eastern Market Corporation is responsible for all operations, promotions, and improvements in the market, and they are the umbrella organization for the market district.

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 a 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 on the edge of downtown Baltimore, traces its beginnings back to the late 1700s. The current market complex was built in the 1950s 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 so 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, purpose 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 Business Improvement District (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). It was also the manager of the market for its first three years, until it ceded ownership and control to the BID in 2008. The BID now oversees all aspects of the Milwaukee Public Market, and 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 farmers shed, and on the weekends the surrounding street and sidewalks host craft and flea markets.

Improvements to the surrounding streetscape have enhanced the shopping experience and give the market more of a district feel, expanding beyond the one 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.

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, governs PDA staff activities. Council members serve four-year terms.

PDA serves as a 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) organization, 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 Corporation

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

Examples:

City Market, Kansas City, MO - *KC Commercial Realty Group*

Ferry Building Marketplace, San Francisco, CA - *Ferry Building, Investors, LLC*

City Market, Charleston, SC, *City Market Preservation Trust, LLC*

Case Study: City Market, Kansas City, MO – KC Commercial Realty Group

This historic market began in 1857 and today is one of the largest and most successful markets in the United States. Business has been on a robust upswing since the City has focused on the market as a centerpiece of renewal for a larger market district. The market has outdoor sheds for farmers, specialty markets and events. Permanent spaces form the perimeter and house fresh and prepared food vendors and a steamboat museum. While the City owns the market, a private real estate management company

that was hired through a competitive process performs the day-to-day management. The City maintains a close role overseeing the market with a City Market Oversight Committee.

Owner: City of Kansas City

Leased to: Planned Industrial Expansion Authority to facilitate renovations and improvements

Operator: KC Commercial Realty Group – a commercial real estate management company

Operator Selection Process: Public RFQ process directed by the city

Oversight:

Operating Agreement – Property Management and Leasing Agreement

City Market Oversight Committee – Nine members

- 1) The Mayor or designee
- 2) Chair of City Plans and Zoning Committee
- 3) Second District Councilperson
- 4) Second District At-Large Councilperson
- 5) The City Manager or designee
- 6) Chair of Market Area Development Corporation
- 7) Chair of Planned Industrial Expansion Authority

- 8) Representative of consumers of the City Market
- 9) Representative of businesses or residents from City Market area

Key Lease Terms:

City pays KC Commercial Realty Group a fee based on revenues

KC Commercial Realty Group responsible for all market operations

All leases and terms are submitted to Oversight Committee for approval

All budgets are submitted to Oversight Committee for approval

KC Commercial Realty Group estimates and submits capital improvement needs

Oversight committee approves and raises money for capital improvements

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.

The Gilmore Family has owned this (private) public market 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.

Market Ownership and Operating Objectives

A public market in Madison, as the center of a larger market district, is a major public investment that will attract further investment from the private sector.

The Market is the “soul” and foundation of this district. It can take the lead to establish a healthy community ethos based on principles that adhere to the project’s goals, as made clear by the great enthusiasm and participation in this project’s public outreach process.

The principles that will act as a guiding force for the establishment and operation of the Market are as follows:

1. Operating Objectives:

To allow local control over all aspects of the Market

To run the Market entrepreneurially and to grow the market

To create a diversified staff to meet all the Market needs

To operate self-sufficiently in terms of budget

2. Public Goals:

To coordinate public and private interests

To preserve the integrity of the Market and its traditional role

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 in market decision-making

3. Neighborhood and Community Development Objectives

To leverage the Market as a catalyst for district development

To work collaboratively with diverse community and business interests

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.

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-in-formation 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

PUBLIC MARKET BUDGET AND STARTUP COSTS

The following pro forma is an operating budget and does not include any financing or development costs. The pro forma is based on the market size and mix of uses called for in the Option 3 design (full scale design including the ground floor addition and third floor addition). An explanation of all line items in the pro forma are provided below, as is a summary of start-up costs prior to opening day.

Pro Forma

The following pro forma just looks at the operating costs and revenues of the project. The capital costs needed to build the Public Market are examined separately. The primary source of revenue to the Public Market will be renting spaces to vendors and tenants. Some revenue also will come from events and perhaps ongoing sponsorships. The primary expenses will be the day-to-day and year-to-year costs of running the Market – staffing, maintenance, etc. Though the Public Market will be a place where individual, small businesses can succeed, earn profits and support their families, the Market itself is not a business and is not expected to turn a profit from its operations. One of its goals, however, should be to achieve operational sustainability with revenues roughly equal to expenses.

Nationwide, most indoor markets achieve this goal of operational sustainability (again, revenues equal to costs). Some markets produce a profit that typically goes into a capital reserve fund. Some markets, however, cost more to operate than they bring in and therefore require an ongoing public subsidy. Based on decades of experience developing and operating markets, PPS recommends that Madison’s Public Market strive to hit the break-even point and avoid creating a facility that requires a yearly subsidy.

The pro forma provides an early estimate of the financial performance of the facility based on best available information today. Based on PPS’s analysis – including the estimated potential sales of the facility, level of vendor interest, level of community support,



photo credit: www.foodroutes.org

likely supportable rents, and other – the pro forma indicates the potential for the Public Market to be operationally sustainable with operating revenues equal to or less than operating costs by Year Four of operations. The cumulative operating losses for the first few years are included in the start-up costs and should be factored into the capital costs to develop the Market.

The time it takes to reach this break-even point will depend on any number of factors and the project may require ongoing City support for a longer time period. Also, it is important to note that financial sustainability is critical to the success of the Market, but it is not the only goal. The Public Market is intended to be a “Public Good” that supports a number of community goals such as creating a great community gather place; supporting small business development; providing access to healthy, local food and supporting the continuation of agriculture in south-central Wisconsin, etc. Financial performance should be one critical baseline measure of success of the Market, but the City and future Market Management should always be mindful of the broader mission of the Market as well.

Flexible Pro Forma for Planning and Implementation

The five-year pro forma, based on the Option 3 design, is a guide and forecasts Madison’s Public Market breaking even by Year Four. Planning a market budget is a fluid, ongoing process and PPS is providing the City and LFC with a specially designed interactive pro forma that incorporates all figures in the five-year forecast. This planning device allows any of the individual amounts to be adjusted with automatic calculations made to the rest of the pro forma. For instance, income, expenses and inflation assumptions can be raised or lowered and the effects of these changes will be immediately apparent. Management can continue to refine the pro forma, explore the financial implications of different options, and test different scenarios in terms of rents, operating costs, build-out options, etc. as the project moves forward and as the details continue to evolve. Having this flexibility will be helpful, as there may be many possible scenarios for the Public Market as it is developed.

Community Programming and Outreach Funding

Markets that do a lot of public programming and outreach, like Detroit’s Eastern Market, only generate a portion of their operating expenses from rent. The balance of funding comes from grants, donors and sponsors. Without these additional funds, the market would not be able to provide these services that have helped to ensure the inclusion of all people in the activities and success of the market. This is a strong

investment that builds social cohesion, improves community health and solidifies the Market's role as a truly public place with benefits accruing to all sectors of the population.

While vendor rents are projected to cover the costs of operating the Market on a day-to-day basis, any programming, education and outreach will most likely have to be funded from outside sources, such as grants, or executed in conjunction with the Market by organizational partners such as those mentioned in an upcoming chapter on partnerships. Vendor rents are also going to have to be kept reasonably low so the Market remains a place for small, niche businesses to get started or expand their businesses. Based on our outreach efforts, it is clear that Madison's citizens want to see programming and outreach as part of the Public Market (details can be found in the chapter "Madison's Public Market Program"). One of the fundamental reasons for developing this Market is to have a place that strengthens the regional food economy and increases access to healthy, fresh food for all residents, especially traditionally underserved lower income residents.

The staffing recommendations in the following break-even pro forma are adequate to operate the Market, but are not adequate to reach the scale of programming and outreach the likes of which are being done at other public markets in the United States, such as Eastern Market in Detroit or Pike Place Market in Seattle. To develop, execute and maintain these efforts, the Public Market will need to hire a Programming/Outreach Coordinator who will work closely with senior staff to ensure the

Market is a centerpiece of local food and community engagement and execute these efforts on a day-to-day basis. This position will have to be paid for through outside funding, which this person can help secure through public and private donations and grants.

The following pro forma lays out the income and expenses for the operation of the Public Market through Year Five.

Public Market 5 Year Operating Pro Forma					
KEY ASSUMPTIONS		VACANCY RATES			
Operating Months per Year	12		Year 1	20%	
Operating Days per Month	30		Year 2	15%	
Fringe Benefits (%)	25%		Year 3	5%	
Inflation Rate	0%		Year 4	5%	
Rent Growth over Inflation	2%		Year 5	5%	
	YEAR 1	YEAR 2	YEAR 3	Year 4	Year 5
INCOME					
Indoor Rents	\$ 676,880	\$ 690,418	\$ 704,226	\$ 718,310	\$ 732,677
Outdoor Rents	\$ 60,000	\$ 61,200	\$ 62,424	\$ 63,672	\$ 64,945
Common Area Charges CAM	\$ 120,000	\$ 127,500	\$ 142,500	\$ 142,500	\$ 142,500
Vacancy Lost	\$ (135,375)	\$ (103,562)	\$ (35,210)	\$ (35,915)	\$ (36,633)
Total Income	\$ 721,505	\$ 775,556	\$ 873,940	\$ 888,568	\$ 903,489
EXPENSES¹					
Personnel					
Executive Director	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
Assistant managers - 2	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Clerical	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Maintenance 2 f/t 4 p/t	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Development, PR and Events	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000
Fringe Benefits	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Advertising/Events	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Office	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Legal/Professional	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Insurance	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Fees/Permits	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Net Utilities	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Garbage	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Maintenance and Repair	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Maintenance Contracts	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
RE Taxes - pass thru to tenants	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Expenses	\$883,000	\$883,000	\$883,000	\$883,000	\$883,000
Net Operating Income (NOI)	\$ (161,495)	\$ (107,444)	\$ (9,060)	\$ 5,568	\$ 20,489

¹ These estimated expenses are based on PPS's estimates from other markets and industry standards. As a city-owned facility there may be economies of scale and savings if some of these expenses are incorporated into the city's overall operations. For example, items like maintenance, garbage collection, insurance, etc. could be less with these items folded into ongoing city operations.

Income Notes for the Pro Forma

Establishing Fair Rents for the Public Market

Public market vendors generally require much less space to operate their businesses than storefront businesses and pay for only the areas they occupy. Rent is not charged to market vendors for entrances, aisles, bathrooms, public spaces, public seating, event areas, trash handling and service areas. As such, rental rates in public markets are often twice as high, on a square foot basis, as conventional retail rates where tenants have to pay for larger spaces to accommodate all of these functions. Because of this economy of scale, public market sales are generally much higher per square foot than traditional retail.

The fairest way to calculate vendor rent at a public market is to determine what percentage of sales a vendor can afford to pay as rent. Public markets have a general range of five percent to ten percent (and sometimes higher), depending on what a vendor is selling. In markets where tenants themselves have set rent levels, seven percent is determined to be a fair rent. The actual percentage can go up or down depending on the types of products being sold. Prepared food vendors for instance, have a higher profit margin than farmers or vendors who are selling a raw product with no value added. To account for this, the percentage of sales going to rent for farmers may be lower than the percentage for prepared food vendors, but the market should still try to stay in a range where seven percent is the median.

The Huff Gravity Model, completed in Phase 2, forecast sales of fresh food in the \$12 - \$14 million range, and the addition of prepared foods may make the total sales even higher, depending on how much prepared food is being sold in the market. Market tenant rents, not including event rentals, listed in the pro forma of \$600,000 represents only five percent of total fresh food sales. Even with the additional charge of Common Area Maintenance (CAM) at \$7 per square foot, the combined base rent and CAM charge is still less than seven percent of total sales. Again, this is a conservative exercise, as the \$12 - \$14 million forecast does not include prepared foods.

We think that the rents proposed in this business plan are fair, in line with prevailing rents in Madison and with other public markets around the country. These rents are also in line with what the Market will need to operate as shown in the expense breakdown.

These explanatory notes correspond with the income line items on the pro forma.

Indoor Rents

One of the great advantages for vendors of renting a market space is the ability to rent small spaces and pay a lower monthly rent. As we noted in our Phase One report, the Market will provide an invaluable and affordable business opportunity “to serve food vendors who are unable to access existing outlets in Madison.” For instance, a tenant could rent a permanent, 200 square foot stall for a monthly base rent of less than \$600. Compare this with a typical storefront of 1500 square feet which can run anywhere

from \$1250 to \$3500 per month (based on a range of Madison storefront rents of \$10 to \$28 per square foot).

The Market’s income is comprised of base rent and common area charges. Rents are based on an understanding of prevailing retail rates in Madison (see Figure 3) and how much it will cost to operate the Public Market (see expense notes). Rents are projected to cover all operating expenses so the market can be operationally self-sustaining.

Option: different rents based on vendor type

Projected rents represent an average. Some tenants can pay more and some less. In general, rent rates are higher for tenants who sell more prepared foods, which have a higher profit margin. Tenants who only sell fresh foods generally pay a lower rent. Other tenants may be hybrids, with some prepared foods and some fresh foods. Rent can be adjusted accordingly.

Option: percentage rents

Some public markets charge a percentage of sales as another form of rent. Percentage rents allow the market to participate in the success of the vendors. If a market does well, it gets more rental income. As a rule of thumb, percentage rents vary and are lower for fresh food vendors and higher for prepared food vendors. Additional income from percentage rent goes back into the market’s budget (there is no profit-taking) and is used for operations or to fund increased services for the market such as education, events, promotions, or a rainy day fund for unforeseen expenses.

Event/Meeting Rents

Madison’s Market has multiple spaces suitable for events and meetings. These spaces have also been forecast to produce revenue for the Market. If these spaces prove to be even more popular, the income forecast in the pro forma will increase. In addition to the rent charge, users of these spaces should pay an additional fee to cover optional services such as labor for set up/breakdown, cleaning and security. As previously stated, events at the Public Market would fit a certain niche of lower-cost and locally oriented events. The Market would not be competitive with Monona Terrace or other major event facilities in the area.

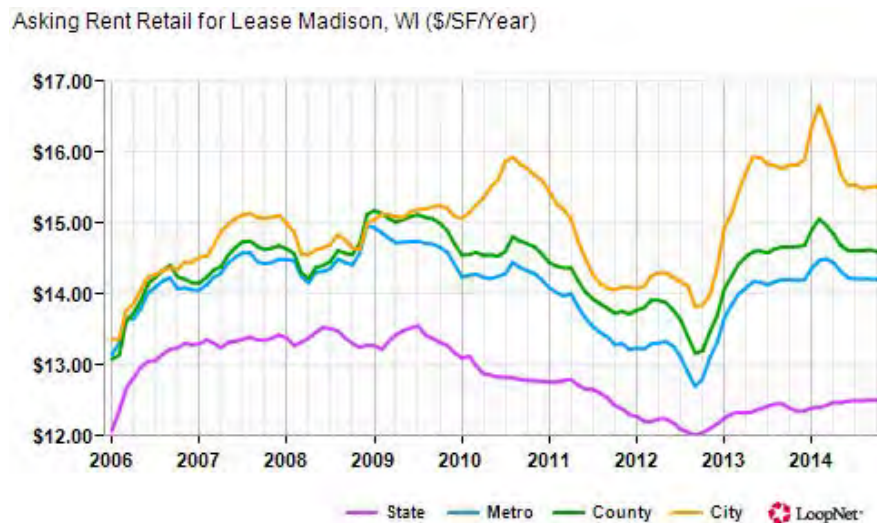


Figure 3

Utilities

As stated previously, PPS recommends that tenants should be individually metered and billed individually for all utility usage. Utility charges would be passed through at cost, and therefore no utility income is shown.

Outdoor Rents

Seasonal use of the Market's outdoor areas represent a good source of market income, although it can often be labor intensive for management to plan and operate. Outdoor markets and events can include farmers markets, flea markets, food truck rodeos, craft markets, specialty markets and events. The projected income of \$60,000 listed in the pro forma is not a large portion of the market's income, but outdoor activity can be a big boost for overall traffic and sales for indoor vendors.

Breakdown of Rental Income

The following page contains a breakdown of income for the Public Market according to location within the building and surrounding area.

INCOME PROJECTIONS

GROUND FLOOR			
Permanent Retail/Production/Aggregation	Square Footage	Price per SF²	Total Income
Subtotal	13556	\$24	\$ 325,344
Stalls	Square Footage	Price per SF	Total Income
West Hall	4608	\$ 35	\$ 161,280
East Hall	2568	\$ 35	\$ 89,880
Subtotal	7161		\$ 251,160
Storage	Square Footage	Price per SF	Total Income
	1439	\$ 18	\$ 25,902
Events	Annual Frequency	Cost/Event	Total Income
	20	\$800	\$ 16,000
ATM			Total Income
			\$15,000
Ground Floor Subtotal			\$ 633,406
MEZZANINE & ROOF			
Mezzanine Meetings	Annual Frequency	Cost/Event	Total Income
	70	\$ 50	\$ 3,500
Roof Events/Rentals	40	\$ 800	\$ 32,000
Mezzanine & Roof Storage	Square Footage	Price per SF	Total Income
	469	\$17	\$ 7,973
Mezzanine & Roof Subtotal			\$ 43,473
INDOOR (Ground, Mezzanine & Roof) SUBTOTAL			\$ 676,879
OUTDOOR			
Markets & Events			\$60,000
TOTAL RENTAL INCOME			\$ 736,879

² As referenced in the text, the rents per square foot for a public market are typically higher than traditional retail and commercial space. This is because the leasable space for public market vendors is typically very small and does not include shared spaces (bathrooms, aisles, loading, etc.). Though the rents per square foot may seem high, the opportunity for vendors to lease very small stalls or small permanent spaces makes the public market a very affordable business opportunity.

Common Area Maintenance (CAM):

CAM is the portion of the operating costs that are rebilled directly to public market tenants to allow the project to break even. For Madison we have projected CAM to be approximately \$7 per square foot on top of tenants' stall rents, and is an annual cost of doing business in the Market. Madison's Public Market building has approximately 22,155 square feet of gross leasable area (GLA) on its ground floor, which would total \$150,000 in CAM. There are many ways to rebill CAM expenses, but the following is a simple way to do it and it also is the amount required for the market to eventually break even in Year 4.

The pro forma shows an adjusted annual rebilling cost, to reflect vacancy projections.

CAM is standard in nearly all public markets today; most markets pass through a portion if not all of their common area charges in one way or another. In some markets the base rents cover the common area and/or all expenses to operate the market.

The common area charge should be adjusted annually based on actual expenses, and each year these charges should be adjusted in the tenants' leases. For instance, if garbage costs or utility rates rise, additional expenses should not be borne by the Landlord, in this case the Market's management. For example, the \$150,000 can be considered the Base Year of common area charges. For each subsequent year, the Base Year amount is adjusted based on the projected costs for the coming year. There is also a situation where the projected expenses could be higher than anticipated, which would require a year-

end adjustment and a rebilling for cost overruns. Keep in mind that market management can deliver these services for less than what it would cost tenants individually; it is one of the advantages of running a business in the Market.

Remember, the common area charge is not levied so that the Market, or any individual, can make a profit at the Market's expense; it is a charge that allows the Market to break even and continue operating to provide small scale, affordable business opportunities and a local food shopping experience for the community.

Expense Notes for the Pro Forma

These explanatory notes correspond with the expense line items on the pro forma.

Personnel

Executive Director – This person has overall responsibility for the Market’s operations and finances. They will also be the liaison to the Board of Directors and oversee all reporting and communications that emanate from the market. The Executive Director will also oversee all other market personnel. A Market’s Executive Director has many duties that include meeting with tenants, overseeing leasing/merchandising, spending time on the market floor and getting to know the customers and the community. See Appendix E for a sample job description of the Executive Director.

Assistant Managers – Based on the Market’s projected seven-day a week operating schedule, two assistant management positions will ensure that a senior staff member is in the Market at all times and each will provide backup to the Executive Director, in addition to assigned specific responsibilities.

Assistant Manager of Communications and Programming – this position will oversee the Market’s promotions, programming and outreach efforts.

Assistant Manager of Operations – this position will oversee the Market’s physical plant, security and maintenance.

Clerical – This position has responsibility for running the office and handling all billings/receivables. They would assist the Executive Director with budgets, forecasts and reports.

Maintenance Personnel (two full-time, four part-time) – The first of the two full-time positions would be in charge of the other five and report to one of the Assistant Managers. These positions allow for full coverage of the Market during all operating hours as well as one hour before opening to allow vendors time to set up, and one hour after closing for vendor break down and cleaning. The part-time positions would be for cleaning all public spaces - indoor and outdoor - and assisting with maintenance on an as needed basis.

Public Relations/Events – This full time position is for planning and overseeing all events and meeting rentals, plus taking the lead with public relations/advertising. This person would also be the contact for any future development or fundraising.

Outreach Coordinator – This position is not listed in pro forma because it needs to be paid for through outside sources (see the chapter “Public Market Program and Design” for details).

Teamwork is crucial to the success of the Public Market. Each role will have a job description that outlines the primary responsibilities for each

individual; however, for the Market to succeed everyone will need to pitch in when and where help is needed.

Advertising

This line item is not large and would not cover a traditional advertising campaign on television, radio, print, and new media. These funds need to be stretched by doing things in the Market to generate free media publicity or partnering with other organizations with likeminded missions/goals. Advertising and public relations must be carefully positioned so the Market is seen as a community asset, not a place that is competing with traditional supermarkets or other traditional retail.

While the budget for advertising isn't huge, if tenants are interested, their Common Area Maintenance (CAM) charges can be increased slightly to accommodate a larger budget.

Office

These are normal expenses to run the office and would include phone, Internet, office supplies, and other standard costs.

Legal/Professional

This line item may vary year to year. The Board of Directors may be able to directly help, or to find pro bono assistance.

Insurance

This line item covers general liability and property insurance. Tenants will be required to carry their own comprehensive general liability insurance naming the Market's management entity as an additional insured party.

Fees/Permits

This is for local, state and federal permits. As a City facility, some local permits could potentially be waived.

Net Utilities

PPS recommends that tenants be metered and billed for individual usage, this line item is for all other net utilities such as HVAC and electric.

Garbage

There will be a central area where tenants take their garbage and items for recycling. These costs are for hauling fees and all other expenses associated with the removal of waste or recycling. This estimate is based on the engagement of a waste-hauling contractor for this service. There may be cost savings if this item is consolidated in the City's other ongoing waste hauling contracts for facilities.

Maintenance and Repair

The building will be essentially “new” when the Market opens, so this line item should be sufficient to handle routine building matters.

Maintenance Contracts

This line item covers contracts with companies handling the Market’s extermination, snow removal, HVAC, alarm and landscaping needs.

Property Taxes

Assuming the City maintains ownership of the underlying real estate, the Public Market will not pay property taxes. Because the site is currently City owned and already exempt, there will be no revenue loss to the City by keeping the site off the tax roles.

Supplies

This line item is for cleaning supplies, bathroom items, trash cans, and other janitorial needs.

Start-Up and Pre-Opening Expenses

The Public Market will incur expenses well before the opening day. These expenses are part of the capital costs and are included in the Market's operating pro forma.

PRE-OPENING EXPENSES			
	Labor		Cost
		Executive Director (1 year before opening)	\$ 85,000
		Assistant Manager (8 months)	\$ 35,000
		Assistant Manager (facilities (2 months)	\$ 10,000
		Maintenance Staff	\$ 5,000
		<i>Subtotal</i>	\$ 135,000
		<i>Benefits (25%)</i>	\$ 33,750
		<i>Labor Total</i>	\$ 168,750
	Leasing		\$ 25,000
	Tenant Coordination		\$ 30,000
	Graphics/Website		\$ 25,000
	Office Set Up		\$ 30,000
	Legal (leases, forms, documents)		\$ 15,000
	Accounting (set up)		\$ 10,000
	PR Campagin		\$ 50,000
	Fundraising		\$ 100,000
		<i>Subtotal</i>	\$ 285,000
		<i>Operating Loss Projections (see pro forma)</i>	\$ 277,999
		PRE-OPENING EXPENSES	\$ 731,749

FINANCIAL PLAN AND FUNDING

Fundraising Strategy

Based on the conceptual cost estimates for Option 3, the Public Market development costs detailed in this report are as follows:

Capital Costs	\$13,464,203
Start-up Costs	\$731,749
Total	\$14,195,952

There are three options and corresponding cost estimates presented in this report. The funding strategy starts with the assumption that Madison will strive for Option 3 but Options 2 and 1 provide alternatives. The City of Madison should anticipate being the lead champion of the project and committing capital resources to the project. The Public Market is a civic benefit with clear and quantifiable benefits to the City's economy and quality of life. As such, it should be approached as a civic project not unlike a park or library.

Although the City should be the leader, there are many potential additional public and private sources of capital funds. The full amount will need to be raised from a variety of sources, which can be a challenge in any community. The good news is that public markets are successfully meeting this challenge, typically



raising money from a diverse pool of donors. While there is no source of capital funding specifically allocated for public markets, there are many things about public markets that make them appealing to funders with complementary missions.

In Madison, the Public Market will address many areas that are also of interest to government agencies, foundations, corporations and individuals. These areas include job creation, business development, innovation, farm preservation, nutrition, increased access to healthy food, social inclusion, reduced carbon footprint and “food miles”, education and local economic development.

Creating a campaign to raise money and awareness of the benefits of the Market will be critical to fundraising success. Because there is not a large philanthropic community in Madison, the campaign

will have to raise more from other sources. One of the keys to that effort will be to generate community interest and enthusiasm for the market. Funders like to fund popular projects.

A campaign strategy will need to focus on two fronts: cultivating large donors and organizing large numbers of small donors. This would be similar to the \$30 million campaign for the new Madison Public Library that attracted the support of donors giving everything from \$5 to \$1,000,000.

A creative campaign to enlist the support of the community has the added benefit of generating enthusiasm and interest among future shoppers and potential vendors. The campaign to raise money is also the campaign to build broad support for the project in general. A community campaign should try to raise as many friends as it does dollars through small donations that will make people feel connected to the Market's success.

The City has already allocated just over five million dollars for the project over a three-year period. This gives the campaign a solid base and credibility with donors. In its role as the property owner and largest initial funder, the City becomes a critical partner for the fundraising campaign. There are several potential sources of public funding that will require active participation of the City working in tandem with the Public Market.

Moving from the LFC to a Transition Team will require it to be the primary partner with the City for raising money. The LFC may want to consider attracting people for the Transition Team who are talented at fundraising. The Transition Team will also

need to set itself up as a not-for-profit to enable donors to benefit from a tax deduction. This not-for-profit entity, a 501(c)(3), is the same entity that will operate the Market.

The startup and pre-opening costs include \$75,000 for the fundraising effort. While some public markets have been fortunate enough to have dedicated volunteers working with public officials to successfully raise their capital dollars, others hired a professional or assigned the task to the Market's Executive Director. The Transition Team or the 501(c)(3) in conjunction with the City will decide the precise allocation of this amount. If the Transition Team and the City concur, they can set up a small group dedicated to this task.

Tenacity and vision are the hallmarks of a good fundraising effort. This report provides the basis of the Market's vision, which is a reflection of the input from the community over the last two years.

The timing of the campaign should align with the actual capital needs of the project. As the Fleet Building is still occupied, the exact date of the Market's opening day is still probably two to three years down the road. This allows for ample time to plan and execute a campaign that is strategically tied to the completion of the project and opening day.

Economic Impact of Madison’s Public Market

Madison’s Public Market should have a substantial economic impact by creating jobs, promoting local farmers, developing new businesses and providing a large group of people an opportunity to earn supplemental incomes.

Estimated Food Expenditure Potential

During the Public Market study, PPS used the Huff Gravity Model to identify areas in Madison that were underserved (an explanation of this methodology is explained in the attached report corresponding to Phase 2 of the business planning process). Later the Gravity Model was again used as metric to evaluate the three proposed market sites. Now that a site has been selected and a detailed program developed, the model can be adjusted to evaluate sales potential at the selected site. The Gravity Model estimates that this facility’s market potential is approximately 5.1% within a 10-minute drive time primary trade area. Based on household expenditures for at-home food consumption of about \$140,686,000 within that 10-minute drive time region, the potential for money spent on food taken home from the market is about \$7,175,000 (estimated with the Huff Gravity Model). This is only a part of the demand equation.

The Public Market will be a destination that serves the entire community. The 10-minute drive time may only represent about 60% of the customer base. Therefore, about 40% of customers may come from more than 10-minutes away. Assuming a well-

tenanted and executed concept, the total estimated sales considering the Huff Gravity Model output and information from other markets and supermarkets, we believe that this Market has the potential to have sales of approximately \$12 to \$14 million. This is just in the category of “fresh food to take home” and does not include additional sales for prepared foods eating on site, drinks, arts/crafts, and other things sold at the Public Market

In addition to offering food to take home, Madison’s Public Market will also generate sales from its wholesale operation, prepared food sales and at least one or two full-service restaurants. These restaurants may generate several million of dollars in sales, based on typical full-service restaurant figures. Some of the vendors, in addition to selling fresh products for at-home consumption, may also sell prepared foods thereby “adding value” to their fresh product. Shoppers may consume these prepared foods at the Market or take them home. The sale of these “value-added” products, and other restaurant sales, are not included in the Huff Gravity Model estimate and can have a significant impact on the Market’s overall sales potential. Along with \$12 million in fresh food sales, these additional potentially substantial sources of revenue for businesses will enable tenants to pay the rents we have assumed in the pro forma.

Economic Impact of Madison's Public Market

Jobs

The number of jobs that the Public Market creates will depend upon the final lease plans. However, we do know that the Market's management will consist of seven full and four part-time employees with the potential to add more employees if outside funding provides additional resources.

The Public Market will open with approximately 35 tenants. This includes a mix of fresh food vendors featuring items such as baked goods, produce, cheese, meat, poultry, fish, and seafood along with value-added food items like jams, jellies, sauces, and condiments, plus nonfood items like cookware and cookbooks. The Market will also have prepared food vendors whose products are intended for consumption at the Market, vendors that will primarily process foods and have a small retail outlet, and food wholesalers that sell overstock. Along with these vendors, the Market will host full-service and limited service restaurant(s). Overall, the Market's range of employment opportunities should be at minimum 100 employees.

The Market will also have temporary markets featuring food and nonfood vendors providing sole proprietors business opportunities. Many of the positions will be entry level. All of these businesses will be local and many will be first-time business owners. The Market will recruit vendors from underrepresented communities and also offer opportunities for local farmers to sell directly to customers.

Entrepreneurial Opportunities

The Market provides a unique opportunity for entrepreneurs to build a business in a small space, often starting with participation in a temporary market to test a concept. The Market can work with local schools to provide training for vendors and new entrepreneurs.

Business Growth

It will be important for Madison's Public Market to help startups grow their businesses either inside the Market or elsewhere. Meeting space located in the Market will provide a location for Market entrepreneurs and others from the Madison community to gather and discuss business issues and opportunities.

Impact on Regional Economy

Estimating the economic impact of a market is a different process than for a supermarket, because most public market vendors are selling items that they grow, raise or produce. Because of this, the money being spent at a public market is reinvested within the region, giving it a greater economic impact than a supermarket where most of the money from sales moves outside the community. Buying and producing food products locally increases the economic impact of the public market, and so we excluded deducting sales margins from the economic impact analysis.

We estimated the Market’s economic impacts using the Bureau of Economic Analysis’s Rims II multipliers to estimate potential economic impacts to Wisconsin; this multiplier includes Type II calculations, which include direct benefits, indirect and induced benefits.

The Market generates economic benefits from the sales of its goods and services to the economic activity. Re-spending this money generates what is known as the “multiplier effect”. From the \$12 million in fresh food sales alone, we estimate that the total Economic Output created by spending at the Market (using a multiplier of 1.8321) is \$21.9 million. Earnings received

by households through wages and sole-proprietor profit (using a multiplier of .5818) is \$6.2 million. The multiplier estimates 265 full and part-time jobs that the regional economy could add (Source: BEA Rims II Multipliers Table 3.5). In addition, the model estimates a value-added multiplier (1.1486), which is similar to gross domestic product, of \$6,261,000 to the regional economy.

Cumulatively, over a 10-year period, the economic output would reach almost \$220 million. These numbers include only fresh food sales, so the economic output could actually be significantly higher.

Economic Impact from Madison Public Market - Retail Sale of Food

Estimated Annual Market Sales	\$12,000,000
<hr/>	
Total Gross Economic Output:	\$21,985,200
(Economic activity created through spending. Retail Final-demand multiplier for Wisconsin = 1.8321)	
Value Added:	\$13,783,000
(Occurs in all industries in the State the retail final-demand type II multiplier = 1.1486)	
Earnings:	\$6,261,600
(Received by households thru wages and sole-proprietor profit)	
(Retail Final-demand multiplier = .5818)	
Jobs Added (full & part time):	264.5
Including Market (multiplier type II = 22.0452 per million dollars)	

Source: BEA Rims II Multipliers Table 3.5 and REPG

In addition to the Market's ongoing operations, the Market's construction is also an economic generator. The table below shows these one-time benefits. The construction cost for developing the Market is budgeted at \$13,464,203 based on Ideal Builders, Inc.'s cost estimate for Option 3 of the Public Market facility. Based on this construction cost, we have estimated gross economic output of this construction to be \$28,094,506.

Economic Impact from Construction of Public Market	
Based on \$13,464,203 Construction Cost Estimate	Economic Impact
Estimated Construction Cost (Option 3)	\$13,464,203
Total Gross Economic Output:	\$28,094,506
(Economic activity created through spending. Construction Final demand Wisconsin multiplier Type II = 2.0866)	
Value Added:	\$15,214,549
(Occurs in all industries in the State the retail final-demand type II multiplier = 1.13)	
Earnings:	\$9,599,977
(Received by households thru wages and sole-proprietor profit; Construction Final-demand Wisconsin multiplier Type II= .7130)	
Jobs Added (full & part time):	244.4
(Multiplier Type II = 18.1530 per million)	

Source: BEA Rims II Multipliers Table 3.5 and REPG

The construction of the Market will provide economic benefits to the City and all of Wisconsin, as money is “re-spent” throughout the area each time a dollar changes hands.

The Market as a Catalyst for Redevelopment

Markets are also a catalyst for encouraging economic development in their neighborhoods. A great example of the positive impact a market can have on its neighborhood is the St. Lawrence Market in Toronto, Canada where housing developers have used the market in their advertising to sell and lease nearby housing. With different but equally positive impacts, Eastern Market in Detroit is an excellent example of the mix between food processing and the development of adjacent housing.

The West Side Market in Cleveland, Ohio is home to two breweries. One of these is the Great Lakes brewing company, which has developed into one of the larger regional breweries in the country while its restaurant has become a major attraction for the market. Cities are even using their markets as development catalysts, such as the City Market in Kansas City, Missouri where the area around the market is being developed with housing, retail, and entertainment.

Ann Arbor, Michigan’s Kerrytown Market and Shops has added restaurants and one of the more notable food businesses in the country: Zingerman’s. More recently, the City of Cincinnati has been purchasing property adjacent to the Findlay Market to create a market district with shops and residences.

Madison has an opportunity to create a mixed-

use market district, mentioned in a previous chapter, which would allow small-scale food processing and increased housing development opportunities. Allowing higher density housing near the Market would create increased real estate taxes over existing development. Permitting small shops on the ground floor would allow small-scale food processing that also encourages economic development.

Madison’s Public Market will be a key next step in the City’s ongoing revitalization of the Capital East District. The Public Market will provide a catalyst that supports the City’s plans for continued redevelopment in this key gateway to the Community. Based on the surrounding neighborhood plans and the City’s Capitol Gateway Plan, the City estimates as much as \$560 million in redevelopment in this area over the next two decades. This development will create jobs, a tax base to pay for schools and city services, affordable housing opportunities and new businesses. The Public Market can help bring this development to fruition by serving as a valuable amenity in the district.

Qualitative Benefits

It should be re-emphasized that the above analysis focuses solely on the quantitative economic benefits of the Public Market. These benefits are important and ultimately secondary to the qualitative community benefits the project will bring to Madison. Over the last two years, Madison has been engaged in a robust and ongoing discussion about the potential qualitative benefits of a Public Market. This report will not go into detail about these benefits and will leave it to the City to continue that discussion, however, some of these benefits include:

- Creating low-cost opportunities for diverse businesses
- Building networks to improve equity in food access throughout the community
- Supporting sustainable agricultural production in the region
- Encouraging healthy eating
- Embracing food as a source of cultural connections and social cohesion
- Creating a great public gathering space
- Celebrating diverse food cultures

Racial Equity and Social Justice at the Public Market

Based on PPS's experience with Public Markets around the world, Markets can be a powerful force for creating inclusive economic opportunities, promoting social interaction and building cultural connections in a city. The shared experiences of the public market are effective at building familiarity and trust among its vendors and customers on an ongoing, informal basis.

In 2003, PPS published a report titled, "Public Markets as a Vehicle for Social Integration and Upward Mobility." Research conducted for this report found that 85% of surveyed small businesses using public markets as platforms for starting a business self-finance their start-up costs. This suggests that public markets can support those who are unable to use traditional bank-based financing methods. The report also surveyed public market vendors at several markets across the country and asked why they started a business at a public market. The most common responses included "pay rent/bills," "pay for own education," "send kids to college," and "expand business."

Food entrepreneurship has historically been a pathway to economic opportunity for families most often left behind by the contemporary economy. In particular, the data shows that public markets are particularly important as business opportunities for women, immigrants, people of color, and others that may face barriers to getting financed and supported to start a business.

Madison's Public Market can provide a unique place that truly brings the entire community together. One observation that emerged from PPS's detailed analysis of Madison is that there is a shortage of community public space in the City. Madison has outstanding parks, bike trails, shopping streets, and community events. However, the City seems to lack true permanent public spaces that bring everyone in the community together. This was reflected in the survey data gathered from customers during Phase 1 of this project as well.

From an equity perspective, Madison's Public Market can help address some of the City's racial and economic disparity issues by creating affordable business opportunities that give people, who dream of starting a food-based business, the opportunity to join a supportive community of other vendors in a viable location with a base of customers for a lower monthly cost than conventional retail options. Further, the Public Market can help Madison create an extraordinary public space that brings the community together.

One simple method to ensure the Market benefits all people in Madison is to lease space to vendors that truly reflect the diversity of the City and region. This approach will produce ongoing, positive results. First, it will help generate word of mouth advertising into all communities. If people see members of their community or neighborhood working and shopping in the Market, they subconsciously feel connected and have a sense that it is their Market. The more vendors who represent different parts of the community will generate more word of mouth and more interest

by more people. The importance of outreach and diversity is not only good social policy; it is also good for the Market's bottom line.

Other methods to help position the Market as place for all citizens includes hiring a diverse market management staff, working with vendors to provide merchandising and products that are ethnically appropriate, offering a variety of price points so the Market is not viewed as expensive, providing education about healthy food and cooking and offering promotions and hosting events that feature an array of cultural interests.

There is a big pool of potential vendors not only in the City but in rural agricultural areas as well. The recent United States farm census highlights the increase in farms owned and operated by women and minorities and many of these farms rely on selling direct to consumers at farmers and/or public markets.

While the Public Market alone is not going to solve all of the City's social issues, if it is planned and developed with a sensitivity to achieve balance, fairness and inclusivity, it can represent a way forward that is mutually supportive and economically sustainable.

Funding Sources

City of Madison

The City has allocated the following funds to develop the Public Market:

2015:	\$3.25M
2016:	\$1.16M
2017:	\$1.2M
Total:	\$5.61M

Federal Opportunities

Department of Commerce

The Economic Development Administration (EDA), located under the Department of Commerce, could be a potential funding source for the Public Market. Management would apply directly to appropriate EDA regional office to discuss proposals and obtain additional information. For more on this opportunity, visit <http://www.eda.gov/funding-opportunities/>.

The City of Madison would apply for grants through the Chicago office, one of six regional offices around the country. The contact information for several key people is below:

Jeannette P. Tamayo
Regional Director
111 North Canal Street, Suite 855
Chicago, IL 60606

Phone: 312-353-8143
Email: jtamayo@eda.gov

Michigan, Minnesota and Wisconsin
Lee J. Shirey
111 North Canal Street, Suite 855
Chicago, IL 60606
Phone: 312-353-8143, ext. 151
Email: lshirey@eda.gov

Health and Human Services – Office of Community Services, HHS-OCS

The Healthy Food Financing Initiative (HFFI) – This initiative supports projects that increase access to healthy, affordable food in communities that currently lack these options. See the following link for details: <http://www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing>.

Community Economic Development Projects – The Administration for Children and Families (ACF), Office of Community Services (OCS) will award up to \$17.7 million in Community Economic Development (CED) discretionary grant funds to Community Development Corporations (CDC) for well-planned, financially viable, and innovative projects to enhance job creation and business development for low-income individuals. See the following link for details: <http://www.acf.hhs.gov/grants/open/foa/view/HHS-2014-ACF-OCS-EE-0817>

USDA

For a full list of federal sources that fund markets download the Farmers Market Resource Guide from the Agricultural Marketing Service website at www.usda.com/ams.

Community Food Projects Competitiveness Grants (CFPCG) – Grants to help eligible private nonprofit entities that need a one-time infusion of Federal assistance to establish and carry out multipurpose community food projects. Projects are funded from \$10,000 to \$300,000 and from one to three years. One-time grants require a dollar-for-dollar match in resources. See the following link for details: <http://www.nifa.usda.gov/fo/communityfoodprojects.cfm>

Farmers Market Promotion Program – Grants are available to increase domestic consumption of agricultural commodities by improving and expanding, or assisting in the improvement and expansion of, domestic farmers markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer market opportunities, and develop, or aid in the development of, new farmers markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer infrastructures. See the following link for details: www.ams.usda.gov/fmpp

Local Food Promotion Program – Planning and implementation grants of up to \$100,000 to establish a new local and regional food business enterprise, or

to improve or expand an existing local or regional food business enterprise. Activities can include but are not limited to training and technical assistance for the business enterprise and/or for producers working with the business enterprise; outreach and marketing to buyers and consumers, working capital, and non-construction infrastructure improvements to business enterprise facilities or information technology systems. See the following link for details: <http://www.ams.usda.gov/AMSV1.0/lfpp>

Value-Added Producer Grant (VAPG) – Competitive matching grant funds to help independent agricultural producers enter into value-added activities set aside for beginning and socially disadvantaged farmers. See the following link for details: www.usda.gov/wps/portal/usda/usdahome?contentid=kyf_grants_rd1_content.html

Federal Appropriations

Some markets have been successful in obtaining significant direct appropriations (ear-marks) from their U.S. Senator or Representative, like the Toledo Farmers Market, OH or the River Market, Little Rock, AR.

New Market Tax Credits

The Market site is in an eligible census tract for New Market Tax Credits.

State of Wisconsin

Wisconsin Economic Development Corporation

The Community Development Investment Grant Program will support urban, small city and rural community re/development efforts by providing financial incentives for shovel-ready projects with emphasis on, but not limited to, downtown community-driven efforts. Grants up to \$50,000 are available for planning efforts, and grants up to \$500,000 are available for implementation projects. This program operates through a competitive process that occurs two to three times per fiscal year.

Department of Agricultural, Trade and Consumer Protection

Competitive grant program to strengthen Wisconsin's agricultural and food industries through the Buy Local, Buy Wisconsin (BLBW) program.

Madison-Area Region

Madison Region Economic Partnership - MadREP

MadREP can serve as a partner to help identify and apply for federal grants.

State and Local Foundations

Many markets have raised a majority of their capital costs from local foundations, such as the Milwaukee Public Market, which raised \$5.4 million out of a total of \$10.5 million from local foundations. While the level of philanthropy in Madison may not

be as deep as Milwaukee, there is still significant potential to help the public market. In Madison and Wisconsin, potential foundations to approach are:

- Madison Community Foundation
- Alliant Energy Charitable Foundation
- CUNA Mutual Foundation
- MGE Foundation
- St. Mary's Foundation
- Henry J. Predolin Foundation
- American Family Insurance Foundation

National Foundations

The following national foundations have also provided grants to market projects – sometimes because the foundation offices are located in the town where the market is.

- Ford Foundation
- Kresge Foundation
- C. S. Mott Foundation
- McKnight Foundation
- W. K. Kellogg Foundation
- Catholic Campaign for Human Development
- Bank of America Foundation
- Local Initiatives Support Corporation
- Robert Wood Johnson Foundation
- Kauffman Foundation

Development Assistance

Local Initiative Support Corporation (LISC)

LISC mobilizes corporate, government and philanthropic support to provide local community development organizations access to grants.

Naming Rights

There are some opportunities with the Market Building to sell naming rights. For instance the East and West Market Halls could potentially have a donor component in the name. Other possibilities include the outdoor market plaza, demonstration kitchen, community meeting room and the market gallery.

Public Fundraising

Many local people and businesses would likely donate at affordable levels.

A campaign similar to what was done at Monona Terrace (selling bricks) could be extremely beneficial, both financially and in terms of building community support overall.

Corporations

Local corporations may want to align with this public project, including:

- Kraft – Oscar Mayer
- Local Health Care Providers

- Agribusiness Sector
- Financial Institutions

Case Study: Public Market Funding Example

Milwaukee Public Market

Total project cost: \$10.5 million

Market Size: 28,000 SF, new construction

Opened: 2005

Developer: Historic Third Ward Corporation - 501(c)(3)

Operator and Owner: Milwaukee Business Improvement District 02

Operationally Self-Sufficient: Year 4, 2009*

Annual Operating Expenses (projected 2011):
\$420,000

Funding Sources:

- Federal Grant (secured by Senator Herb Kohl) - \$300,000
- Department of Commerce - Economic Development Administration (secured by Congressman Paul Ryan) - \$2,500,000
- State Funding - \$1,250,000, including a \$750,000 brownfields grant

- Local Foundations - \$5,450,000
- Individual Donors - \$1,000,000 (over 300 people made tax-deductible donations through the Historic Third Ward Corporation).

**Three years of operating losses were paid in full by two local foundations.*

MERCHANDISING PRINCIPLES AND LEASING

The plan for a Public Market in Madison embodies the hopes and wishes of the City, including many vendor and customer groups. Fortunately, the building design lends itself to a lot of flexibility. It can accommodate a wide variety of uses with large permanent spaces, small stalls and big stalls, indoor or outdoor. It can be a place to go for many different reasons, a fundamental trait of successful public markets. Depending on the shopper, the Market can be a farmers market, a food hub, a production facility, a place to shop or a place to meet, a place to eat, a craft market, a night market or a winter market. It can be all of these and more.

The great challenge of course, is orchestrating these elements in a welcoming atmosphere that is conducive to commerce and community gathering.

PPS has heard from many individuals and groups who see the Market as a potential place to do business. Likewise, consumers agree on the idea of a market “place” but have varying needs, tastes and budgets. Co-locating all of these niches in one place is what makes a market a market. It makes it stronger and builds the customer base. It is important that everyone feels like this is their market whether they are a large wholesale buyer or a casual shopper.

Another fundamental tenet of a successful market is competition. Satisfying the desires of Madison’s diverse vendor and customers will inevitably create a competitive, diverse environment that will benefit everyone.



Merchandising Principles

Operating the physical aspects of the Market (public spaces, landscaping, utilities) is vital, but it is of secondary importance to the merchandising. If customers don't like the feel of the market or the products it won't matter how clean and tidy the place is – they won't be compelled to return.

For some of the market businesses that will engage in wholesale marketing at the Market the following retail principles do not necessarily apply, however it is always good for any type of business to understand them.

Tenant Mix

The mix of merchandise sold in a public market defines what kind of a market it is. In Madison, the mix of merchandise recommended in this business plan is largely food-based, running the gamut from farmers and wholesalers to value-added producers to a café/restaurant.

Within each of the merchandise subcategories, there should be a definition of the merchandise that each vendor is allowed to sell. Management must determine what the merchandise mix will be and support the mix through the leasing process and the lease document. Tenants should be chosen who best reflect the mission of the market and they should submit a detailed product list to management for approval. To keep tenants from deviating from the original product line agreed to with management, each tenant lease should have a section or exhibit

called the 'Use Clause'. This clause will include a list of all approved products, so management can maintain balance and competition within the Market. Tenants are competing with one another, so the Use Clause is also a way to keep the competition from spinning out of control. The Use Clause also keeps a tenant from adding products on a whim. If a product they wish to sell is not in their Use Clause, the vendor must make a request in writing to have their Use Clause amended to include the new item(s). Requests to make changes in the Use Clause are not uncommon by tenants, and often granted, but management needs to be able to deny a vendor who makes an unreasonable request that would undermine the overall merchandising mix of the market.

It is imperative that management make decisions to ensure the long term good of the larger market community. A good merchandising mix will benefit the management, the vendor and the customer. The right mix will change over time according to trends, shifts and innovations, and management must anticipate the changes and have the tools to adapt.

Internal Competition

Markets exemplify that competition is good for business. People like to shop at a market because of choices in price, product, style and quality, all of which are byproducts of competition. Without these, the customer might as well shop at a chain box store or supermarket. In some instances, such as a highly specialized project, only one vendor may be appropriate, however this has to be decided on a case by case basis.

Unlike some smaller markets, Madison's Public Market will be big enough to ensure plenty of internal competition.

Space Arrangements

Doing more sales in less space is the most effective way to run a market stall. Space should not be rented just to make more rent; it should be rented to produce higher sales per square foot. Intensification of uses within small spaces produces more impact and more sales.

A tenant is better off in a smaller space than in a larger one. A packed stall looks better than an empty or half-empty one.

Madison's Public Market has varying spaces to rent, suitable to different tenants. There are the larger permanent spaces, stalls in the "halls" of the market and outdoor, temporary stalls. Some tenants may be more comfortable starting in a temporary stall and over time will "graduate" to a more permanent space. The Market will likely experience a lot of internal growth with tenants whose businesses warrant expansion.

Design

The display of products and lively activity characterize a stall's appeal, not the design itself. It is often better to under-design a space and let the tenant make refinements and improvements over time that are based on observation and experience, rather than trying to figure everything out in advance.

A Tenant Design Criteria, cognizant of market dynamics and purity of experience, will be a constructive guide to achieve the desired results. This document is also listed as one of the tools in the leasing section of this report. Design needs to maximize display and circulation without sacrificing sight lines. A market should not feel "designed." It should have an air of spontaneity and encourage impromptu behavior.

One of the challenges in Madison will be to make sure the design holds together when the Market is not fully open, say at night when only a restaurant is open or there is an event in the East Hall.

Displays and Frontage

The most valuable part of a market operation is aisle frontage. This is the hot zone where most subconscious consumer decision-making happens. A market is so visually competitive that the displays must be eye catching and tell a story in a few short seconds. There are a lot of aisles and customer circulation options in Madison that provide for many great display opportunities.

Markets are about choice. Customers often like browsing and looking at the full availability of goods (especially in the fresh food category) before making purchases. If a display is particularly arresting, a sale can be made on impulse. If a customer wants to come back they have to remember something. They need a quick, visceral connection imprinted onto their mental shopping list.

It will be the responsibility of management to

work closely with tenants in the leasing phase to develop merchandising plans, layouts and designs which ensure that stalls or stores satisfy the needs of customers first and foremost.

Specialization

Market tenants must be knowledgeable of their specialized product lines, which are defined in detail in their Use Clause, as described above. While a tenant may wish to carry a wide variety of products, it is better for a public market to have tenants that feature smaller, specialized product lines. Sometimes a tenant may wish to carry ancillary items – a fish vendor might want to sell lemons as a convenience – but this should not be permitted. Differentiation is one of the key ingredients in the success of a market. A butcher should not sell hamburger rolls and a baker should not sell dairy items. A dairy vendor should not sell tomatoes. This specialization encourages customers to frequent more vendors and spread the wealth of their purchases. And it also encourages vendors to give recommendations to customers about where else to shop in the market.

Even within a particular food category there should be specialization and restrictions on what is permitted to be sold and what is not. For instance, bakeries represent a huge variety of products and a large market should strive to have multiple bakers, each specializing in a line of products without overlapping.

Specialization should occur naturally in a market as a result of competition. Vendors should be

encouraged to create a strong, memorable product line that differentiates them from other vendors and gives them an individual identity.

Vendor Pool

A diverse community of vendors in a market is a secondary form of merchandising. People who shop at a market are on the lookout for vendors they recognize. Customers feel immediately connected if they see a familiar face behind the counter. Customers will be looking through the equity lens as well, and the Market should be reflective of the diversity of Madison's residents. A market comprised of many groups of different people builds social and economic capital.

Leasing

The leasing effort is one of the most important things that management will do. The mix of merchandise and types of vendors will define the Market more than anything else.

In our Phase One outreach to potential Public Market vendors we saw a tremendous level of interest in opening either a temporary or permanent location at the Market (see Appendix F). As the market gets closer to opening, it is likely that there will be even more interest. And it will be incumbent on management to reach out to and make sure market tenants reflect the changing Madison community.

The first steps with leasing are to prepare some basic materials such as a brochure, market map showing stall locations and to be able to answer potential tenants questions about costs, timing and other logistics. It is also a good time to start working on the actual lease document.

Once you have these basic materials ready it is time to start actively leasing. There are already lists and contacts in place from Phase One that will provide an excellent starting point. Concurrently, this is also the time to begin a public relations campaign to get the word out again and make a special effort to widen the net to include women, minority and immigrant vendors.

Vendor Selection Process

All potential tenants should fill out a basic lease application stating their proposed products, desired type of space and a description of their business that includes why it would be a good addition to the Market. Additionally you will need some basic background and financial information.

A good vendor could be highly established or brand new. People who had no prior retail or market experience have started successful market businesses, and management needs to be very open to this type of application. On the other hand, if an applicant who owns an existing business approaches management, they will need to find out how this potential vendor will be able to expand without losing that personal touch required in a public market. Experience is good, but the Market has to be careful about being a second

or third location for existing businesses. Having an owner on site is often the main thing that can make or break a market venture. Customers who shop at markets like being able to talk to the producer, the owner, the boss - the person who will care about their needs.

There are many criteria to consider when selecting a vendor such as:

Products - what does a vendor propose to sell and how will it add to the overall market strength?

Quality - does the vendor have the knowledge, passion and ability to sell high quality products?

Price - people who shop at markets like bargains; will the vendor price items competitively?

Personality - vendors, and their employees, must enjoy people and be upbeat and courteous.

Reputation - does this vendor have a positive standing in their community and will their presence in the market help to build the customer base and garner publicity?

Service - does the vendor understand how to present himself or herself and treat people attentively?

Knowledge - does the vendor have a deep understanding of their products and can they credibly answer customers' questions?

Commitment - is the vendor willing to do whatever it takes to make their business succeed?

Time - how much time will the vendor be at

the market interfacing with the customers and overseeing their business?

Presentation – what sort of merchandising techniques will the business utilize?

Cleanliness – does the vendor demonstrate high standards of “shop keeping” and is the proposed design of their business conducive to maintaining a clean appearance?

Innovation – will the vendor provide customers with updated products and merchandising?

Competitive Strength – does the vendor have an understanding of their competition and how they will be able to achieve and gain market share?

Business Plan – how much are they willing to invest and what are their sales projections?

Community Representation – does the vendor come from a community that is underrepresented in the Market?

Leasing Tools

As the leasing process gets underway, management will need the following:

Rates – rental costs for all spaces

Terms – length of leases offered to tenants

Lease – sample lease document to show prospective

tenants. The market should have a lease for the permanent indoor tenants, and simpler agreement for temporary indoor and outdoor stalls.

Tenant Design Criteria – a process of submitting the design of a stall for review and approval

Tenant Improvement Dollars – When a tenant leases a space, they are generally given a location with stubbed in utilities. It is the tenants’ responsibility to outfit and build the stall or store at their expense after management approves the plans. Some markets offer tenant improvement dollars to help them make these improvements. This assistance is elective and is up to each individual market.

Hours/Days/Seasons – The market has been designed so it can be open for different uses at different times. The initial strategy is to have core hours for all market tenants with an option for longer hours in certain areas as illustrated in the market drawings. We are recommending core hours of 10am to 6pm, seven days a week.

Some new public markets have opened for three or four days in the beginning and added days as business increased. This is also an option for Madison.

Core operating hours can also be extended in summer.

Management and vendors will together decide the appropriate operating hours for the Market.

PARTNERSHIPS

One of the greatest strengths of a successful public market is that it is rooted and connected to its surrounding community through a variety of partnerships that can help support and carry out the market's mission - Madison's Public Market will be no different. With a strong emphasis on community engagement, programming and outreach the Market will rely on outside partners and alliances to achieve its goals. Partners can come from all over the City and region, from government to private industry, from local groups to national organizations. The more partners the Market can pull together the more secure and effective it will be. The following is a list of potential partners of the Public Market, many of which have been deeply involved in this project already through participation on the LFC public engagement efforts, focus groups or individual meetings:

Government/Public Partners:

- City of Madison - Mayor's Office, Economic Development, Planning, Department of Public Health, Parks Department, Metro Transit, Department of Education
- Dane County
- State of Wisconsin - Department of Agriculture (Something Special Wisconsin), Department of Health Services (FoodShare)
- United States Agriculture Department (USDA)



Institutional Partners:

- University of Wisconsin - Extension
- University of Wisconsin - Madison
- Hospitals, health care clinics and providers
- Women, Infant and Children (WIC) Offices
- Senior Centers
- Madison Public Library

Public Market District Partners:

- Washington Square Shopping Center owners (“Fiore”)
- Mullins Group
- Friends of the Yahara
- Union Pacific Railroad
- Wisconsin & Southern Railroad
- Emerson East Neighborhood Association
- Tenney-Lapham Neighborhood Association
- Schenk-Atwood-Starkweather-Yahara Neighborhood Association
- Local water sport enthusiasts, including kayaking and boating groups
- Transit, pedestrian and bicycle advocates
- Local Organizational Partners:
- Madison Area Farmers Markets
- MadCity Bazaar
- Wisconsin Farmers Market Association
- Wisconsin Food Hub
- Farmers Union
- FEED Kitchen
- Fair Share CSA
- REAP Food Group
- Madison Restaurants
- Willy Street Coop
- Regional Food Wholesalers
- City of Madison Community Gardens Committee
- Slow Food Madison
- Wisconsin Women’s Business Initiative
- Minority and Immigrant Business Development Groups
- Common Wealth Development
- Community Action Coalition for South Central Wisconsin
- Dane Buy Local
- Local food pantries and food gleaners
- Local environmental stewardship groups
- Churches and houses of worship
- Future “Friends of the Market” group
- Local arts organizations

CONCLUSION

Throughout this report, we have illustrated not just the reason why Madison is poised to develop a great public market, but also how this can be achieved. Strong leadership from this point forward will be crucial to the project's overall success, from continuing to cultivate public excitement and support for this project, to raising the approximately \$16 million necessary to build and open the Market, to attracting a diverse vendor pool and programming the Public Market. This leadership will also ensure that the Market's uses and activities will make it more than just another shopping destination, but a resource and gathering space for the entire regional community.

With this project, Madison has the great opportunity to build an extraordinary Public Market that will be vibrant year-round destination for all residents, while also contributing to the region's local food system and economy. The best public markets, like libraries and parks, provide great public benefits and serve residents and vendors of all economic, racial and ethnic backgrounds. Madison's Public Market is poised to be just such a place and it will also achieve the project's original goal of being a "home" for the region's local food movement.

After a deep examination of Madison and the region's local food system, extensive public outreach incorporating the hopes and wishes of potential customers and vendors, critical analysis of the feasibility of a public market in the City and the creation of a management and operations plan, PPS is pleased to support the City and the LFC in their efforts to develop a Public Market for the City of Madison.



photo credit: Chakmakian, M., Photobucket

In many ways the next steps of this development are the most important for the future success of this Market. The Transition Team and subsequent Market leadership and staff must keep up the momentum that we have witnessed from the public over the last 18 months – and there is every reason for this project to keep going forward at full steam. With strong projected sales and great regional economic benefits, Madison's Public Market will be a great asset to the southern Wisconsin region.

We are excited to see what the next steps of this project bring and are even more enthusiastic for opening day, when Madison residents and visitors will be rewarded with an extraordinary, food-focused destination along the Yahara River that supports the growth of the region's local food system for decades to come.

To see appendices go to:

www.cityofmadison.com/publicmarket

APPENDICES