

MADISON PUBLIC MARKET

The Economic Contribution to the Regional Economy Appendix C



Philadelphia Reading Terminal
Market



**THE ECONOMIC CONTRIBUTION
OF THE PROPOSED
MADISON PUBLIC MARKET
TO THE REGIONAL ECONOMY**

April 30, 2010



THE TABLE OF CONTENTS

Executive Summary.....	5
Chapter I: Background.....	13
Chapter II: Construction of the Madison Public Market.....	15
Chapter III: Operation of the Madison Public Market.....	19
Chapter IV: Secondary Impacts.....	31
Chapter V: Methodology.....	35
Chapter VI: Summary and Conclusions.....	39
Appendix 1: Economic Multipliers.....	41
Appendix 2: Income Tax Rates.....	43
Appendix 3: Bibliography.....	44

EXECUTIVE SUMMARY

Establishment of the proposed Madison Public Market (MPM) will result in the creation and support of 808 jobs, \$25 million in total annual economic activity in the region, generate more than \$2.2 million in tax revenue annually, and could generate tens of millions of dollars in new economic development in the surrounding area. NorthStar Economics was retained to examine the potential economic impact of the MPM, a proposed four-season market hall housing an array of stores, stalls, restaurants and carts featuring fresh produce, specialty foods and other value-added products, prepared and sold by local vendors. The Madison Public Market Project was moved forward by the MPM Working Group, led by Blue Planet Partners and Common Wealth Development. Aaron Pohl-Zaretsky, an experienced public market manager and consultant, provided the foundation for the MPM financial projections and a capital budget.

Construction of the Madison Public Market

Operation of the MPM will provide economic benefits for years to come. However, the process of constructing the facility will also benefit the economy in the year of construction.

Economic Impact

The MPM will be one of several entities occupying a new multi-use structure. 48,272 square feet of the facility is earmarked for the MPM. The cost of construction has been estimated at \$41.3 million, at a cost of \$200.41 per square foot. Construction costs directly attributable to the MPM portion of the facility total nearly \$9.7 million, of which \$8.7 million will be spent in the region. This direct contribution also creates indirect and induced economic benefits.

Economic multipliers have been applied to cost estimates to calculate economic impact.

Figure ES-1: Economic Impact of Construction Cost of Madison Public Market

	Cost per Square Foot	Total Cost at 48,272 sq. feet	Economic Multiplier	Total Economic Impact
Construction	\$100.41	\$4,846,991.52	1.628379	\$ 7,892,737.41
Tenant Improvements	\$ 60.00	\$2,896,320.00	1.674665	\$ 4,850,365.66
Soft Costs	\$ 25.00	\$1,206,800.00	1.848734	\$ 2,231,052.65
Developer Fee	\$ 15.00	\$ 724,080.00	1.628379	\$ 1,338,631.59
TOTAL	\$200.41	\$9,674,191.52	1.686217	\$16,312,787.30
TOTAL IN THE REGION	\$180.37	\$8,706,772.37	1.686217	\$14,681,508.57

Job Creation and Support

Construction of the Madison Public Market will support numerous jobs in the region. In addition to workers employed directly to construct the facility (25 full-time jobs over the course of a year), more jobs will be created as a result of the construction.

Applying employment multipliers to the \$8.7 million in regional construction costs yields a calculation of nearly 121 jobs supported through the economic activity of the construction workers, for a total of 146 workers supported by the construction. As the construction process is projected to take one year, this job creation applies only to that period.

Operation of the Madison Public Market

Once it reaches full capacity, the Madison Public Market is projected to house up to 58 businesses, employing hundreds of workers. The MPM itself is expected to maintain a staff of six to handle administration and other functions.

Economic Impact

In addition to the hundreds of workers to be employed by tenants, MPM will employ 6 full-time staff, as outlined in Figure ES-2 below. These employees will be retained at an annual cost of \$350,000 in gross wages and related expenses. However, not all of that money will be spent in the state, so the figure has been reduced to reflect tax withholding and other leakage.

Figure ES-2: MPM Operations Staff Payroll

Position	Annual Salary
Executive Director	\$65,000
Property/Facility Manager	\$55,000
Marketing/events/program director	\$45,000
Custodial/Maintenance	\$30,000
Custodial/Maintenance	\$30,000
Security/Parking Attendant	\$30,000
Other (benefits), etc.	\$95,000
TOTAL	\$350,000
Tax & Withholding Leakage (25%)	(\$87,500.00)
Out-of-Region Spending Leakage (4%)	(\$14,000)
TOTAL CONTRIBUTORY PAYROLL (71% of Total Gross Payroll)	\$248,500

It is projected that MPM will incur substantial expenses to operate the facility, as summarized in Figure ES-3. It is estimated that 70% of expenditures will occur in the region.

Figure ES-3: MPM Non-Payroll Expenditures

Position	Annual Budget
Advertising/Marketing/Promotions	\$100,000
Professional Services	\$60,000
Insurance	\$25,000
Telecommunications	\$3,600
Supplies, Maintenance, Janitorial	\$20,000
Utilities	\$185,000
Waste Removal	\$20,000
Reserves	\$35,000
Other	\$100,000
TOTAL	\$548,600
Total Exclusive of Reserves	\$513,600
TOTAL CONTRIBUTORY SPENDING (70% of Total Without Reserves)	\$359,520

These direct economic contributions also create indirect and induced economic benefits. Economic output multipliers are applied to the expenditures to calculate total economic impact (including direct, indirect, and induced contributions to the regional economy).

Figure ES-4: Economic Impact of MPM Administration and Organizational Spending

	Total in the Region	Economic Multiplier	Indirect/Induced Effects	Total Economic Impact
Payroll	\$248,500	1.64401207	\$160,037	\$408,537
Non-Payroll	\$359,520	1.49631434	\$178,435	\$537,955
TOTAL IN THE REGION	\$608,020		\$338,472	\$946,492

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

MPM Tenants

It is projected that the MPM will house a variety of businesses, as summarized below. Payroll for MPM tenant employees is estimated at \$12.00 per hour. Full-time employee (FTE) equivalents, salaries, and total payroll are summarized as follows:

Figure ES-5: MPM Tenants by Type, Full-Time Employees and Total Payroll

Business Type	Units	FTEs/Unit	Total Workers	Avg. Annual Wage/Worker	Total Gross Payroll
Seasonal Outside Stalls	15	2	30	\$24,960	\$748,800
Stores	8	10	80	\$24,960	\$1,996,800
Stalls	25	4	100	\$24,960	\$2,496,000
Carts	7	2	14	\$24,960	\$349,440
Restaurants	3	12	36	\$24,960	\$898,560
TOTAL	58		260		\$6,489,600
TOTAL CONTRIBUTORY PAYROLL (71% of Gross Payroll)					\$4,607,616

Applying the appropriate IMPLAN economic output multipliers results in a weighted multiplier of 1.651028, and a total economic impact of \$7,607,305.23 resulting from MPM tenant payroll.

Based upon estimates provided by the MPM Working Group, it is estimated that each tenant will spend 35% of its total budget on payroll, 35% to purchase the goods sold, and 30% on other expenses. Each budget category has been reduced to reflect leakage, as summarized below.

Figure ES-6: MPM Tenant Expenditures and Contributory Portion

Expenditure	Annual Budget	In-Region Estimate	Contributory Total
Payroll	\$6,489,600	71%	\$4,607,616
Cost of Goods Sold	\$6,489,600	90%	\$5,840,640
Other Expenses	\$5,562,514	75%	\$4,171,886
TOTAL	\$18,541,714		\$14,620,141

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

Economic output multipliers are applied to the expenditures above to calculate total economic impact of more than \$24.1 million.

Figure ES-7: Economic Impact of MPM Tenant Expenditures

Expenditure	Direct Contribution	Economic Multiplier	Indirect/Induced Effects	Total Economic Impact
Payroll	\$4,607,616	1.651028478	\$2,999,689	\$7,607,305
Cost of Goods Sold	\$5,840,640	1.651028478	\$3,802,423	\$9,643,063
Other Expenses	\$4,171,886	1.651028478	\$2,716,017	\$6,887,903
TOTAL	\$14,620,141		\$9,518,129	\$24,138,271

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

Once the MPM reaches full capacity, it is anticipated that the region will enjoy more than \$15 million in direct contributions to the local economy, and a total economic impact of more than \$25 million.

Figure ES-8: Annual Economic Impact of the Madison Public Market

	Direct Economic Impact	Total Economic Impact
MPM	\$608,020	\$946,492
MPM Tenants	\$14,620,141	\$24,138,271
TOTAL IN THE REGION	\$15,228,161	\$25,084,763

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

Job Creation/Support

The MPM and its tenants will also create jobs. Applying economic multipliers to non-payroll in-region spending by MPM and its tenants yields a calculation of the jobs created due to non-payroll spending.

Figure ES-9: Job Creation Related to MPM Non-Payroll Spending

	Non-Payroll In-Region Spending	Weighted Employment Multiplier	Jobs Created/Supported
MPM	\$359,520	9.9061974	3.56
MPM Tenants	\$10,012,526	23.663519	236.9
TOTAL	\$10,372,046		240.46

The MPM and its tenants will also create jobs directly by hiring people directly. The MPM is projected to employ 6 full-time staff, and tenants will employ 260 full-time employees.

Application of employment multipliers yields a calculation of another 302 jobs in the region.

Figure ES-10: Job Creation Related to Direct Employment

	Employees	Weighted Employment Multiplier	Jobs Created/Supported
MPM	6	1.388050	8.33
MPM Tenants	260	1.12948983	293.67
TOTAL	266		302

Tax Revenue Generation

The MPM will generate state tax revenue in the form of both income taxes and sales taxes.

Income Tax Revenue

Based on projected salaries, MPM operations staff will generate more than \$15,000 in state tax revenue each year, while tenants' employees will generate nearly \$375,000. Summing the contributions of MPM staff and tenants yields more than \$390,000 in annual state tax revenue.

Figure ES-11: Income Tax Revenue Generation

Position	Annual Salary	Average Income Tax
Executive Director	\$65,000	\$3,995
Property/Facility Manager	\$55,000	\$3,345
Marketing/Events/Program director	\$45,000	\$2,695
Custodial/Maintenance	\$30,000	\$1,720
Custodial/Maintenance	\$30,000	\$1,720
Security/Parking Attendant	\$30,000	\$1,720
MPM Operations Total	\$255,000	\$15,196
MPM Tenant Employees (260 employees at \$24,960 each)	\$6,489,600	\$374,955
TOTAL	\$6,744,600	\$390,151

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

MPM operations also support an additional 808 jobs annually. Based on average wage and tax rate data, these jobs generate an additional \$909,530 in state income tax revenue annually.

Figure ES-12: Total Annual Income Tax Revenue Generated by MPM

Income Tax Source	Tax Revenue
MPM Employee Withholding	\$15,196
MPM Tenant Employee Withholding	\$374,955
Created Jobs Income Taxes	\$909,530
Total State Income Tax Revenue Generated	\$1,299,681

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

Sales Tax Revenue

The MPM will also generate sales tax revenue. In addition to sales tax revenue generated by merchandise sales at the MPM, employees of MPM and its tenants will purchase a variety of goods and services. The average sales tax paid as a percentage of personal income in Wisconsin is 2.36%. Personal income of the jobs created by the MPM and its tenants will total \$38.5 million annually, yielding more than \$900,000 in sales tax revenue.

Figure ES-13: Sales Tax Revenue Generation

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

Figure ES-14: Madison Public Market Annual Tax Revenue Generation

Tax Source	Income
Income Tax	\$1,299,681
Sales Tax	\$909,530
Total Tax Revenue	\$2,209,211

Secondary Impacts

Analysis of secondary impacts is beyond the scope of this study. However, public market manager and consultant Aaron Pohl-Zaretsky has offered insight, based upon his extensive experience with similar facilities. Pohl-Zaretsky has observed that within an 8-year time frame, new private development equal to 12-15 times the initial project cost of the Public Market has occurred in other communities. It is therefore reasonable to conclude that the region may enjoy tens of millions of dollars in additional economic development in the coming decade. In his opinion, the impact of the MPM will be most strongly felt in three surrounding areas: attracting more business to Monona Terrace, revitalizing the King Street/Capitol Square area, and expanding the Dane County Farmers' Market. The consultants also believe that the MPM has the potential to significantly enhance quality of life in the region.

CHAPTER I: BACKGROUND

The proposed Madison Public Market (MPM) is designed to bring the excitement of a year-round market to the Madison area while creating a significant economic and catalytic engine for the region. The four-season market hall will be a dynamic public space that will house a rich and colorful array of stores, stalls, restaurants and carts featuring fresh produce, artisan cheeses, local eggs, fish, poultry and meats, fresh cut flowers and value-added products from chocolates to pasta to pastries as well as prepared foods. Local farmers and artisans will vend an ever-changing array of goods from three-season day-stalls. The Market will be a feast for the senses and celebrate the products, culture and diversity of Madison's citizens.

The MPM will be designed to achieve three primary public goals: to generate significant regional economic development, to expand the regional food economy, and to create a vibrant regional public space that celebrates diversity. The MPM evolved from a grassroots project that was initiated by Home Grown Wisconsin, a cooperative of Wisconsin farmers, which convened the Central Agriculture and Food Facility (CAFF) group. The initial focus of the group, that included a wide range of organizations concerned with local food issues, was to address the feasibility of a shared use agricultural facility. A preliminary 2004 CAFF Feasibility Study concluded that Madison could support a stand-alone public market. The Madison Public Market Project was moved forward by the MPM Working Group and led by Blue Planet Partners and Common Wealth Development.

Aaron Pohl-Zaretsky, an experienced public market manager and consultant, was engaged in 2006 to design and analyze a qualitative survey instrument, Madison Public Market Cohort Survey, and to develop a tenant leasing plan and development scenario. His documents provide the foundation for the MPM financial projections and a capital budget.

The Brayton Lot site, a surface parking lot located at Butler and East Washington Avenue, was initially selected as the preferred site for the Madison Public Market based on evaluative criteria. Subsequently, circumstances changed and the Government East parking ramp site near the Monona Terrace Community and Convention Center was selected as the preferred site. Although the site is smaller than the Brayton site, Government East is similar inasmuch as

it is publicly owned, centrally located, of sufficient size, directly proximate to the downtown employment base and growing residential base and has significant potential for becoming a regional destination.

NorthStar Economics was retained to examine the potential economic impact of the MPM, taking into account the economic activity generated through constructing the facility, as well as by its ongoing operation once full occupancy is achieved. The MPM is slated to be only one part of a multi-million dollar multi-use site redevelopment, the construction of which will produce significant economic activity, support jobs, generate tax revenue, and have significant economic impact. However, the economic impact of construction pales in comparison to the potential for a significant economic contribution to the region as a result of the MPM's operation.

The MPM itself will routinely face significant payroll and other expenditures to maintain the facility, and will employ half a dozen workers in various capacities to operate the facility (independent of the hundreds of workers to be employed by MPM tenants). Both MPM payroll and non-payroll expenditures will result in job creation, tax revenue, and economic impact on the region. The economic contribution of MPM tenants will be even greater. Once the market reaches full capacity, it is anticipated that as many as 58 separate businesses will operate on-site. As with the MPM itself, the economic activity of the tenants will result in job creation, tax revenue, and economic impact on the region.

CHAPTER II: CONSTRUCTION OF THE MADISON PUBLIC MARKET

It is anticipated that operation of the Madison Public Market will provide significant economic benefits to the region for many years to come. However, it should also be noted that the process of constructing the facility in the first place will also create jobs and benefit the regional economy in the year in which the building is erected.

Economic Impact

An estimate to complete construction of the facility has been prepared by Miron Construction¹, a contractor who may be among the bidders for the project if and when it goes forward. The Madison Public Market will be one of several commercial entities occupying the structure after construction is complete. Accordingly, only that portion of construction costs reasonably attributed to the physical space to be occupied by the public market (48,272 square feet) has been considered in this analysis. The cost of construction of the total project has been estimated at \$41,399,453. Of that amount, \$9,674,192 can be directly attributed to the Madison Public Market, as summarized in Figure II-1 below.

This is a conservative estimate, as some portion of the construction of the parking lot and other common areas could also be attributed to the public market, but has not been included in the calculations. Costs of construction have been separated into four categories:

- 1) Construction – Labor and materials related to construction of the core or shell of the physical structure (estimated at \$100.41 per square foot)
- 2) Tenant Improvements – Labor and materials related to improvements made to the structure by tenants occupying space in the market (estimated at \$60.00 per square foot)
- 3) Soft Costs – Architectural, engineering and other related services (estimated at \$25.00 per square foot)
- 4) Developer Fees – 7.5% of total budget payable to real estate developer (estimated at \$15.00 per square foot)

¹ <http://www.miron-construction.com/>

Total construction costs are estimated at \$200.41 per square foot. Direct costs to construct the MPM therefore total nearly \$9.7 million, of which an estimated \$8.7 million will be spent in the region. However, this direct economic contribution also creates indirect and induced economic benefits, as money spent on goods and services is paid to businesses that spend money on additional good and services, and that pay wages to their employees, who in turn spend their income in the regional economy. All of these expenditures are magnified throughout the regional economy as the business expenditures and employee compensation are further cycled through the regional economy, multiplying the economic impact to the region. IMPLAN² economic output multipliers are applied to the expenditures in each of the four categories identified above in order to calculate total economic impact (including direct, indirect, and induced contributions to the regional economy). Direct, indirect, and induced effects are defined and discussed in Chapter V. More detail on IMPLAN multipliers also appears in Chapter V. See Appendix 1 for details on the specific economic multipliers applied in each category.

Figure II-1: Economic Impact of Construction Cost of Madison Public Market

	Cost per Square Foot	Total Cost at 48,272 sq. feet	Economic Multiplier	Total Economic Impact
Construction	\$100.41	\$4,846,992	1.628379	\$ 7,892,737
Tenant Improvements	\$ 60.00	\$2,896,320	1.674665	\$ 4,850,366
Soft Costs	\$ 25.00	\$1,206,800	1.848734	\$ 2,231,053
Developer Fee	\$ 15.00	\$ 724,080	1.628379	\$ 1,338,632
TOTAL	\$200.41	\$9,674,192	1.686217	\$16,312,787
TOTAL IN THE REGION	\$180.37	\$8,706,772	1.686217	\$14,681,509

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

Weighing each of the applicable economic multipliers according to each category’s share of the overall construction budget results in a weighted economic multiplier of 1.686217. In other words, for every dollar spent directly, an additional 68.6 cents of economic benefits are produced through indirect and induced effects. So, the \$9.67 million spent in construction costs attributable to the Madison Public Market will result in a total economic impact in excess of \$16.3 million in the year in which the facility is constructed. The MPM Working Group has

² <http://implan.com/v3/>

estimated that, on average, 90% of all construction costs will be paid to vendors in the region. Without a more specific estimate as to which costs would be paid to outside vendors, the 90% figure has been applied to all construction costs, resulting in a direct spending figure of \$8,706,772.37 in the region, with a total economic impact, including indirect and induced effects, at \$14.68 million.

Job Creation and Support

In addition to creating economic benefits, construction of the Madison Public Market will support numerous jobs in the region. The construction company and a variety of subcontractors will employ numerous workers to complete the project. According to estimates provided by Miron Construction, the project will require the services of 130 construction workers per month. Although the total project is expected to last 22 months, it is projected that construction of the MPM portion of the facility will take approximately the equivalent of one year. Miron estimates that roughly 19% of the workers will be working directly on MPM-related construction, which means that construction of the MPM will support approximately 25 (24.7) jobs in the year of construction.

In addition, indirect and induced jobs will be created and supported as a result of the economic activity outlined above. Just as economic multipliers extrapolate direct spending to greater economic activity, there are employment multipliers that translate spending into job creation.

As noted above, construction expenditures in the region are projected at \$8.7 million. Applying the corresponding IMPLAN employment multiplier to this figure yields a calculation of the jobs created due to construction spending. Employment multipliers are applied to the direct spending figures at a specific rate per million dollars spent. The weighted employment multiplier for spending related to construction of the MPM is 13.84414505. In other words, approximately 13.8 jobs will be created for every \$1 million dollars spent. Applying the weighted multiplier to the spending projection yields a figure of 120.54 jobs. In other words, in addition to the 25 workers employed by the construction company and its subcontractors, an additional 121 jobs will be supported through those employees' economic activity, for a total of 146 workers. In this instance, the jobs are temporary, as the construction process is projected

to take approximately one year. While the construction company and its subcontractors will no doubt continue to work on other projects, their support of additional jobs, as related to the MPM project, will end when construction ends. Nevertheless, the importance of even this temporary creation of jobs cannot be overstated. Coming out of a lengthy economic recession, supporting nearly 150 jobs in the year of construction is significant.

CHAPTER III: OPERATION OF THE MADISON PUBLIC MARKET

Upon reaching full capacity, the Madison Public Market is projected to house up to 58 businesses, employing hundreds of workers. The MPM itself is expected to maintain a staff of six to handle administration, security, management, and facility support. Once the MPM is fully occupied, the facility will make substantial contributions to the regional economy.

Economic Impact

To analyze the economic impact of the operation of the Madison Public Market, it is necessary to examine the spending of both MPM tenants and the Market itself.

MPM Operations Staff

In addition to the hundreds of workers to be employed by MPM tenants, it is anticipated that the MPM itself will employ six full-time staff, including an executive director, a property/facility manager, a marketing/events/program director, 2 custodial/maintenance staff, and a security guard/parking attendant. These six employees will be retained at an annual cost of \$350,000 in gross wages and related expenses, as summarized in Figure III-1 below. However, not all of that money will be spent in the state. Federal and state withholding taxes are deducted from gross payroll. There are also leakages as employees spend money out of state on such items as vacations and other imported goods. Based upon previous NorthStar economic impact studies and data derived from the Wisconsin Department of Revenue and the Wisconsin Taxpayers Alliance, it is estimated that roughly 25% of salaries are lost to withholding and other deductions, while roughly 4% is lost to leakage outside the region. Total adjusted payroll is therefore reduced from \$350,000 to \$248,500 – the portion of the payroll that actually makes an economic contribution to the region.

Figure III-1: MPM Operations Staff Payroll

Position	Annual Salary
Executive Director	\$65,000
Property/Facility Manager	\$55,000
Marketing/events/program director	\$45,000
Custodial/Maintenance	\$30,000
Custodial/Maintenance	\$30,000
Security/Parking Attendant	\$30,000
Other (benefits), etc.	\$95,000
TOTAL	\$350,000
Tax & Withholding Leakage (25%)	(\$87,500.00)
Out-of-Region Spending Leakage (4%)	(\$14,000)
TOTAL CONTRIBUTORY PAYROLL (71% of Total Gross Payroll)	\$248,500

This direct economic contribution also creates indirect and induced economic benefits, as money spent to pay MPM staff is in turn spent on additional good and services, costs of living, etc. All of these expenditures are magnified throughout the regional economy as the business expenditures and employee compensation are further cycled through the regional economy, multiplying the economic impact to the region. IMPLAN economic output multipliers are applied to the expenditures in each of the four categories identified above in order to calculate total economic impact (including direct, indirect, and induced contributions to the regional economy). See Appendix 1 for details on the specific economic multipliers applied in each category. In this case, the weighted multiplier is 1.644012071, resulting in a total economic impact of \$408,537 resulting from MPM payroll expenses.

Non-payroll Expenditures

It is projected that MPM will incur substantial expenses to operate the facility, including advertising, professional services, insurance, and other expenses as summarized in Figure III-2 below. In addition to the expenditures enumerated in Figure III-2, it is projected that the MPM will maintain reserves of \$35,000 per year. Although that amount represents a significant part (6.4%) of the MPM annual budget, the expenditure has been excluded from the impact analysis, as reserves, by definition, do not cycle through the economy.

For purposes of analysis, it is estimated that 70% of expenditures will occur in the region. Total expenditures are therefore reduced from \$513,600 to \$359,520 – the portion of the spending that actually makes an economic contribution to the region.

Figure III-2: MPM Non-Payroll Expenditures

Expenditure	Annual Budget
Advertising/Marketing/Promotions	\$100,000
Professional Services	\$60,000
Insurance	\$25,000
Telecommunications	\$3,600
Supplies, Maintenance, Janitorial	\$20,000
Utilities	\$185,000
Waste Removal	\$20,000
Reserves	\$35,000
Other	\$100,000
TOTAL	\$548,600
Total Exclusive of Reserves	\$513,600
TOTAL CONTRIBUTORY SPENDING (70% of Total Without Reserves)	\$359,520

As with payroll expenses, the direct economic contribution of these expenditures also creates indirect and induced economic benefits. IMPLAN economic output multipliers are applied to the expenditures in each of the nine categories identified above in order to calculate total economic impact (including direct, indirect, and induced contributions to the regional economy). See Appendix 1 for details on the specific economic multipliers applied in each category. In this case, the weighted multiplier is 1.49631434, resulting in a total economic impact of \$537,955.

Operating the Madison Public Market will require a significant financial outlay each year, but the payoff should be well worth the investment. Of the nearly \$900,000 required in direct expenditures to run the MPM, more than \$600,000 will be spent in the region. That amount will generate \$338,472 in indirect/induced effects, resulting in total economic impact of more than \$946,000 to the region. In other words, for every dollar spent directly operating the MPM each year, an additional 56 cents of economic benefits are produced through indirect and induced effects.

Figure III-3: Economic Impact of Madison Public Market Administration and Organizational Spending

	Total in the Region	Economic Multiplier	Indirect/Induced Effects	Total Economic Impact
Payroll	\$248,500	1.64401207	\$160,037	\$408,537
Non-Payroll	\$359,520	1.49631434	\$178,435	\$537,955
TOTAL IN THE REGION	\$608,020		\$338,472	\$946,492

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

Madison Public Market Tenants

Payroll

It is projected that the MPM will house a variety of businesses, including outside stalls, restaurants, stalls, carts and stores. The number of each type of business and its staff is summarized in Figure III-4 below. Payroll calculations are based upon the assumption that the average hourly wage paid to MPM tenant employees is \$12.00. Of course, many proprietors and management staff will earn a higher wage, while entry-level retail staff will earn lower wages, yet based on estimates provided by public market consultant Aaron Pohl-Zaretsky, it was determined that the \$12.00 average represents the most reliable figure for purposes of estimating payroll.

Note also that employment figures are based on full-time employee (FTE) equivalents, and that it is likely that MPM tenants will actually employ a number of part-time workers, roughly equivalent to the full-time figures listed. FTE estimates take into account all of the workers to be involved in maintaining MPM tenant businesses, including but not limited to on-site retail staff, off-site proprietors and managers, and workers involved in each tenant’s supply chain (farmers, truck drivers, etc.). Note also that the outside stalls are seasonal. As they are only expected to operate for 6 months each year, the numbers have been adjusted accordingly (they only employ the equivalent of half as many full-time employees as a year-round business).

It should also be noted that the projection of 58 tenants has not been conclusively determined. As the Government East site is smaller than the Brayton site originally selected for the MPM, the estimate of the number of MPM tenants has been reduced accordingly, since estimates were prepared for the MPM Business Plan. However, as no contractor has yet been selected,

no final design for the facility has been prepared or approved. Given the density of the downtown area in which the Government East site is located, it remains to be seen whether all 58 businesses (in particular the 15 outside stalls) can be accommodated in the space available. In the event that fewer stalls are featured in the final MPM design, all calculations will need to be reduced accordingly. Nevertheless, the figures in Figure III-4 below represent the tenant mix that Common Wealth Development and Blue Planet Partners hope to be able to accommodate when the facility is completed, and represent the best basis for analysis at this time.

Figure III-4: MPM Tenants by Type, Full-Time Employees and Total Payroll

Business Type	Units	FTEs/ Unit	Total Workers	Avg. Annual Wage/Worker	Total Gross Payroll
Seasonal Outside Stalls	15	2	30	\$24,960	\$748,800
Stores	8	10	80	\$24,960	\$1,996,800
Stalls	25	4	100	\$24,960	\$2,496,000
Carts	7	2	14	\$24,960	\$349,440
Restaurants	3	12	36	\$24,960	\$898,560
TOTAL	58		260		\$6,489,600
TOTAL CONTRIBUTORY PAYROLL (71% of Gross Payroll)					\$4,607,616

In all, it is projected that MPM tenants will employ the equivalent of 260 full-time workers, earning gross payroll of nearly \$6.5 million. Employing the same rules of thumb applied in Chapter II, reductions are made to account for tax withholding and leakage. Consequently, it is estimated that approximately \$4.6 million in payroll expenses directly benefits the region.

This direct economic contribution also creates indirect and induced economic benefits, as money spent to pay the employees of MPM tenants is in turn spent in the regional economy. Applying the appropriate IMPLAN economic output multipliers results in a weighted multiplier of 1.651028, and a total economic impact of \$7,607,305.23 resulting from MPM tenant payroll expenses. See Appendix 1 for details on the specific economic multipliers applied in each category.

Non-payroll Expenditures

MPM tenants will consist of a broad range of businesses, and as none actually occupy the MPM at this time, it is necessary to adopt broad rules of thumb. Based upon estimates provided by the MPM Working Group, it is estimated that each MPM tenant will spend 35% of its total budget on payroll, 35% to purchase the goods sold, and 30% on other expenses. Therefore, the total budget is estimated based upon the gross payroll calculations, as illustrated in Figure III-5 below. Not all expenditures will occur in the region. Accordingly, each category has been reduced to reflect leakage, as summarized below. Based upon in-region expenditures, more than \$14.6 million directly contributes to the regional economy.

Figure III-5: MPM Tenant Expenditures and Contributory Portion

Expenditure	Annual Budget	In-Region Estimate	Contributory Total
Payroll	\$6,489,600	71%	\$4,607,616
Cost of Goods Sold	\$6,489,600	90%	\$5,840,640
Other Expenses	\$5,562,514	75%	\$4,171,886
TOTAL	\$18,541,714		\$14,620,141

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

As with payroll expenses, the direct economic contribution of other expenditures also creates indirect and induced economic benefits. IMPLAN economic output multipliers are applied to the expenditures in each of the categories identified above in order to calculate total economic impact (including direct, indirect, and induced contributions to the regional economy. See Appendix 1 for details on the specific economic multipliers applied in each category. In this case, the weighted multiplier is 1.651028478, resulting in a total economic impact of more than \$24.1 million, as seen in Figure III-6 below.

Figure III-6: Economic Impact of MPM Tenant Expenditures

Expenditure	Direct Contribution	Economic Multiplier	Indirect/Induced Effects	Total Economic Impact
Payroll	\$4,607,616	1.651028478	\$2,999,689	\$7,607,305
Cost of Goods Sold	\$5,840,640	1.651028478	\$3,802,423	\$9,643,063
Other Expenses	\$4,171,886	1.651028478	\$2,716,017	\$6,887,903
TOTAL	\$14,620,141		\$9,518,129	\$24,138,271

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

Madison Public Market will benefit the regional economy directly by spending more than \$14.6 million in the region each year to operate their businesses. As those expenditures cycle through the economy, more than \$9.5 million in indirect and induced effects will occur, and the region will realize a total economic benefit in excess of \$24.1 million each year. In other words, each dollar of direct spending in the region produces an additional 65 cents in economic benefits.

It is apparent that the Madison Public Market has the potential to be a significant economic driver in the region. As summarized in Figure III-7 below, once the MPM reaches full capacity, it is anticipated that the region will enjoy more than \$15 million in direct contributions to the local economy, and a total economic impact of more than \$25 million.

Figure III-7: Annual Economic Impact of the Madison Public Market

	Direct Economic Impact	Total Economic Impact
MPM	\$608,020	\$946,492
MPM Tenants	\$14,620,141	\$24,138,271
TOTAL IN THE REGION	\$15,228,161	\$25,084,763

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

It should be noted that no allowance has been made for money that would be spent in the region regardless of the presence of the MPM. The fact is that Madison area residents will purchase most of their food in the region anyway, so the above figure does not necessarily represent new money flowing into the regional economy. Nevertheless, in light of the unique offerings to be provided by the MPM, and the multi-county region from which it is anticipated to draw its client base, it can reasonably be concluded that a significant portion of that economic impact that would have been spent in the state, but outside of Madison, will now benefit the local economy instead.

Moreover, it is reasonable to conclude that the MPM will be patronized by tourists and visitors from outside the region as well, so there will be additional contributions to the regional economy. However, inasmuch as economic impact has been computed using an expenditure model rather than a sales model, and the fact that estimates regarding tourist spending would

be speculative (as the MPM does not yet exist and its final tenant mix has yet to be conclusively determined), specific analysis of new money flowing into the region is beyond the scope of this study.

Job Creation/Support

Not only will money spent by the MPM and its tenants flow through the state economy, generating further economic activity as demonstrated above, the MPM and its tenants will also create jobs. Just as economic multipliers extrapolate direct spending to greater economic activity, there are also employment multipliers that translate spending into job creation.

Annual non-payroll in-region spending by the MPM itself is projected at \$359,520. Applying the corresponding IMPLAN employment multiplier to this figure yields a calculation of the jobs created due to the MPM's non-payroll spending. Employment multipliers are applied to the direct spending figures at a specific rate per million dollars spent. The weighted employment multiplier for spending related to the MPM is 9.9061974. In other words, approximately 9.9 jobs will be created for every \$1 million dollars spent by the MPM. Applying the weighted multiplier to the spending projection yields a figure of 3.56 jobs.

Applying similar methodology to the non-payroll spending of MPM tenants, projected non-payroll spending in the region is \$10,012,526. Applying a weighted multiplier of 23.66 jobs created for every million dollars spent yields a figure of 236.9 additional jobs created. Non-payroll spending of the MPM and its tenants will therefore result in 240.46 additional jobs supported each year, assuming full occupancy of the market, and that spending projections are accurate – that \$10.3 million dollars will be spent on goods and services in the region, as summarized in Figure III-8 below.

Figure III-8: Job Creation Related to MPM Non-Payroll Spending

	Non-Payroll In-Region Spending	Weighted Employment Multiplier	Jobs Created/Supported
MPM	\$359,520	9.9061974	3.56
MPM Tenants	\$10,012,526	23.663519	236.9
TOTAL	\$10,372,046		240.46

Of course, the MPM and its tenants will also create and support jobs directly by hiring people to work in a variety of positions. More jobs will be supported in the region to service the employees of the MPM and its tenants in their professional and personal lives. As noted above, upon reaching full capacity, it is projected that the MPM will employ 6 full-time employees, and MPM tenants will employ an equivalent of 260 full-time employees.

There are employment multipliers that translate full-time positions into job creation/support. Applying the corresponding employment multipliers (see Appendix 1 for details), yields the number of additional jobs created in the region due to the jobs held by MPM staff and tenants. The 266 positions anticipated will be responsible for supporting another 302 jobs in the region.

Figure III-9: Job Creation Related to Direct Employment

	Employees	Weighted Employment Multiplier	Jobs Created/Supported
MPM	6	1.388050	8.33
MPM Tenants	260	1.12948983	293.67
TOTAL	266		302

In short, MPM will put a lot of people to work. In addition to directly employing 266 people, 240 jobs will be created through non-payroll spending, and direct employment will create an additional 302 jobs, for a total of 808 jobs attributable to the operation of the Madison Public Market. Note that the effect is not cumulative. It is not the case that 808 additional jobs will be added to the total each year. Rather, that is the number of jobs that will continue to exist each year as a result of the economic activity of the Madison Public Market.

It should also be noted that these calculations are based upon the MPM operating at full capacity, which is expected to take three to five years to achieve. Operating the MPM at less-than-full capacity during the first few years will, of course, result in proportionately smaller economic effects.

Tax Revenue Generation

In addition to making a regional economic contribution and creating jobs, the Madison Public Market will generate state tax revenue in the form of both income taxes and sales taxes. At this point, it has not been determined whether the MPM will be exempt from property taxes, so no such calculation has been made. However, in the event that the facility is not exempt, more tax revenue will be generated.

Income Tax Revenue

Wisconsin individual tax rates vary from 4.6% to 7.75%, depending on marital status and income. As the marital and filing statuses of each employee cannot be predicted, the tax rates in Figure III-10 below represent the average income tax rate for each salary specified. See Appendix 2 for more detail. Based on projected salaries, MPM operations staff will generate more than \$15,000 in state tax revenue each year, while tenants’ employees will generate nearly \$375,000. Summing the contributions of MPM staff and tenants yields more than \$390,000 in annual state tax revenue.

Figure III-10: Income Tax Revenue Generation

Position	Annual Salary	Average Income Tax
Executive Director	\$65,000	\$3,995
Property/Facility Manager	\$55,000	\$3,345
Marketing/Events/Program director	\$45,000	\$2,695
Custodial/Maintenance	\$30,000	\$1,720
Custodial/Maintenance	\$30,000	\$1,720
Security/Parking Attendant	\$30,000	\$1,720
MPM Operations Total	\$255,000	\$15,196
MPM Tenant Employees (260 employees at \$24,960 each)	\$6,489,600	\$374,955
TOTAL	\$6,744,600	\$390,151

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

As noted earlier, MPM operations also support an additional 808 jobs annually. According to the U.S. Bureau of Labor Statistics, the average annual wage in Wisconsin in 2008 (the most recent year for which data is available) was \$39,350. According to the Wisconsin Taxpayers Alliance, the average income tax rate paid by Wisconsin Taxpayers in 2007 (the most recent year reported) was 3.3% of personal income. Applying the average rate to the average annual wage yields an additional \$909,530 in state income tax revenue. Consequently, total income tax revenue generated will be nearly \$1.3 million, as summarized in Figure III-11 below.

Figure III-11: Total Annual Income Tax Revenue Generated by MPM

Income Tax Source	Tax Revenue
MPM Employee Withholding	\$15,196
MPM Tenant Employee Withholding	\$374,955
Created Jobs Income Taxes	\$909,530
Total State Income Tax Revenue Generated	\$1,299,681

Note: Totals may not sum precisely as figures have been rounded to the nearest dollar.

Sales Tax Revenue

In addition to income tax revenue, the economic activity of workers at the MPM will generate sales tax revenue. Wisconsin's sales tax rate is 5%. Dane County imposes an additional .5% sales tax. According to the Wisconsin Taxpayer's Alliance, the average sales tax paid as a percentage of personal income in Wisconsin is 2.36%. Personal income of the direct and indirect/induced jobs created by the MPM and its tenants will total \$38.5 million annually, as summarized in Figure III-12 below. Multiplying by 2.36% yields a total of more than \$900,000 in sales tax revenue. Note that this is a very conservative estimate, as there will be additional sales tax revenue generated by the sale of merchandise at the MPM, which has not been estimated in this analysis.

Figure III-12: Sales Tax Revenue Generation

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

Although a majority of the tax revenue flows to the state, rather than the community, it is noteworthy that the Madison Public Market will generate more than \$2.2 million in annual tax revenue, as summarized in Figure III-13 below. There may be property tax revenue generated as well. However, no allowance has been made in this analysis as it has not been determined whether the facility will be subject to property taxes.

Figure III-13: Madison Public Market Annual Tax Revenue Generation

Tax Source	Income
Income Tax	\$1,299,681
Sales Tax	\$909,530
Total Tax Revenue	\$2,209,211

CHAPTER IV: SECONDARY IMPACTS

The analysis contained in the preceding chapters constitutes a conservative estimate of the potential impact of the Madison Public Market. Once the MPM is established, additional impacts can be anticipated as well.

Secondary Economic Impacts

An exciting new development like a multi-use facility housing a public market has the potential to produce myriad secondary impacts, including economic development in the surrounding area, new construction, increases in tourism and hospitality, and more economic activity at neighboring businesses, such as the Monona Terrace Convention Center and affiliated hotel. Specific analysis of these effects is beyond the scope of this study. However, public market manager and consultant Aaron Pohl-Zaretsky has offered insight, based upon his extensive experience with similar facilities.

In examining the economic impact from the development/redevelopment of several other Public Markets on the real estate values within a 3 block radius of the Market' location, Pohl-Zaretsky has observed that within an 8-year time frame, new private development equal to 12-15 times the initial project cost of the Public Market has occurred. The dense concentration of existing public sector facilities and other commercial space in the region targeted for the Madison Public Market makes such robust new development unlikely in Madison. Nevertheless, even if new development is a fraction of that amount, it is reasonable to hope that the region will enjoy tens of millions of dollars in new development in the decade to come.

In Pohl-Zaretsky's expert opinion, the impact of the MPM will be most strongly felt in three surrounding areas:

1 . Monona Terrace

Monona Terrace, which has yet to meet its full potential, will find it easier to attract convention business. According to the Greater Madison Convention & Visitors Bureau, there were 2,600,000 tourists and visitors in 2005.

When a sampling of Madison tourists was surveyed in 2007, 77% of respondents reported that they shopped when they came to Madison. Regarding places to shop, tourists liked fair trade options, interesting retail, accessibility and selections. They did not like trouble with parking, and they did not like shopping malls. When shopping, $\frac{3}{4}$ of tourists used a car. The balance walked or took a bus. When asked to rank the 4 most important qualities that went into their choice of where to buy fresh foods, respondents ranked overall quality and freshness first, price and affordability second, organic third, and locally grown/produced last. 86% shopped at their local farmers' market. Of all respondents (including those that did not shop at a farmers market) – 85% said they would continue to shop at their local farmers market after the Public Market opened.

When tourists and visitors were surveyed about their attitudes toward a Madison Public Market, 100% “liked the idea of creating a Madison Public Market.” Tourists predicted they would shop at the Public Market an average of 9.53 times per year when they were in Madison, and they predicted that they would spend \$50.31 per customer visit (nearly double what residents predicted). 56% predicted that if the MPM were created, they would be more likely to visit Madison. 15% said they would be more likely to move to Madison if the MPM were established. 69% had been to another Public Market – mostly Pike Place Market and the Milwaukee Public Market. 100% reported that they would like the opportunity to shop directly from farmers, and 81% indicated that they would like to buy directly from craftspeople.

2. King Street/Capitol Square

The King Street entertainment district and the North and East corners of the Capitol Square will likely experience new vitality and significant new construction based on the spillover from the customer visits that will be drawn to the Madison Public Market.

3. Dane County Farmers' Market

The Dane County Farmers' Market, which has long had a vendor waiting list, will be able to significantly expand, based on the proposed expansion of the Farmers' Market down Pinckney Street, which is planned as part of construction of the new facility.

Quality of Life

Although difficult to quantify, it is worth noting that a facility like the Madison Public Market brings a more intangible benefit as well – enhancing quality of life in the region. As evidenced by the market research cited above, area residents and potential tourists would greatly appreciate the opportunity to patronize regional businesses, support local farmers, and enjoy the benefits of a vibrant new facility like the MPM.

CHAPTER V: METHODOLOGY

In order to identify and estimate the total economic contribution business entity or activity makes to the state, it is necessary to look beyond the direct expenditures made by the business or activity itself. There is a “ripple effect” of the expenditures made for goods and services related to the business or activity. Wages paid to workers are spent on housing, food, clothing, entertainment, etc. By the same token, business revenues generated from supplying goods and services to the MPM and its tenants are paid out in wages, and costs of additional goods and services, costs of living, etc. This multiplier effect is accounted for both in terms of indirect effects of the direct spending, as well as induced effects (essentially, the further effects of the indirect effects) to calculate total economic impact.

The “multiplier effect” refers to the recurrent economic activity generated by an initial expenditure. For example, money spent directly on construction will cycle through the local economy again as wages to the tradesmen, purchases of construction materials such as lumber, tools and nails, gasoline for machinery and worker transportation. The initial wave of spending generates a second and third wave of spending as wages paid and profits made on the direct construction spending spins through the economy in several cycles. Thus, the original direct expenditure yields a greater economic impact than just the money initially spent. Some money “leaks out” of the regional economy at each level as some spending is done outside the region (some goods purchased may originate in another state, for example). As a result, the subsequent spending cycles decrease in impact.

This study quantifies the total economic contribution of the construction of the Madison Public Market, as well its ongoing operation by collecting data and applying multiplier coefficients and calculating the final fiscal, job, and tax revenue effects. In this instance, all data was supplied by the MPM Working Group, based upon market research and business planning that preceded this project. Construction estimates were derived from information provided by Miron Construction, along with a corresponding estimate of the portion of the job directly attributable to the MPM. Estimates regarding the number and type of tenants, the number of workers employed, spending, payroll, etc. were also provided by the MPM Working Group, based upon

earlier research done in connection with the Brayton site, and scaled down to account for the smaller size of the Government East site.

Tax withholding estimates and other leakages were subtracted from gross payroll figures to determine payroll expenditures that benefit the regional economy. In this case, as the MPM does not yet exist, and consequently no tenants occupy the property and no workers are employed on site, gross payroll is based on estimates provided by the MPM Working Group, based upon prevailing wages in the applicable industry fields. Although it is likely that each business in the MPM will employ workers in different pay ranges (a manager will be paid more than a busboy, for example), an average hourly wage of \$12.00 per hour has been used for all calculations.

Economic multiplier models are the framework for analyzing economic impact. Derived mathematically, these models estimate the magnitude and distribution of economic impacts, and measure three types of effects: direct, indirect, and induced changes within the economy. Direct effects are determined by the amount of the initial spending. Indirect effects are determined by the amount of the direct effect spent within the study region on supplies, services, labor and taxes. Finally, the induced effect measures the money that is re-spent in the study area as a result of spending from the indirect effect. Each of these steps recognizes an important leakage from the economic study region spent on purchases outside of the defined area. Eventually these leakages will stop the cycle.

Economic multipliers were purchased from the Minnesota IMPLAN Group, Inc. (IMPLAN). IMPLAN is the developer of the IMPLAN® economic impact modeling system, which is used to create complete, extremely detailed Social Accounting Matrices and Multiplier Models of local economies. IMPLAN tools are in use by more than 1,000 public and private institutions.

Given the unique nature of the MPM, it is anticipated that the market will draw clientele from as much as 150 miles away. Accordingly, for purposes of this study, “the region” has been defined as Dane County and its immediate surrounding counties, the same region served by an economic development enterprise called Thrive. This eight-county “Thrive” region consists of

Columbia, Dane, Dodge, Green, Iowa, Jefferson, Rusk and Sauk Counties. Economic multipliers applied to all calculations were derived from an IMPLAN multiplier report purchased for this 8-county region, pictured in Figure V-1 below.

Figure V-1: Thrive Region



Source: www.thrivehere.org

A spending model was employed, rather than a revenue model. As estimates of the amount of sales revenue to be generated by future MPM tenants is speculative at this point, the conclusion was reached that estimates of the amounts to be spent by each business would be a more reliable basis for analysis. THE MPM Working Group supplied estimates of payroll and non-payroll spending for each business.

Different multipliers apply to different industry spending categories. Employment multipliers are also vastly different than those multipliers applied to monetary flows. Output multipliers and employment multipliers from IMPLAN are applied to the industry expenditures and employment figures. The state income and sales tax factors were estimated using data from the Wisconsin Department of Revenue and the Wisconsin Taxpayers Alliance.

CHAPTER VI: SUMMARY AND CONCLUSIONS

The Madison Public Market represents an exciting opportunity to spur local and regional economic development by providing south-central Wisconsin with a unique facility that they are predisposed to want to patronize. Construction of the facility is projected to produce total economic benefits of \$14.7 million, while supporting 146 jobs in the year the facility is constructed.

Once the Market reaches full capacity in three to five years, the following benefits can be expected:

- 58 new businesses, with an emphasis on local and specialty foods
- 808 jobs (266 direct and 542 indirect/induced) maintained each year
- \$25 million in total economic impact each year
- \$2.2 million in tax revenue generated on an annual basis
- New development and increased economic activity in the region, potentially totaling tens to hundreds of millions of dollars
- Enhanced quality of life

As the nation emerges from the longest economic recession since the Great Depression, care must be taken to invest money and resources in a careful manner to maximize the economic benefits. The MPM has the potential to play an important role in local and regional economic development. Area residents have spoken. They want a public market. Tourists have indicated that they would spend money there as well. With hundreds of jobs, millions in tax revenue, and tens of millions in total economic impact to be gained, the Madison Public Market represents an ideal opportunity to stimulate the local and regional economy.

APPENDIX 1 - ECONOMIC MULTIPLIERS

IMPLAN economic multipliers were applied to expenditures to calculate total economic impact and job creation/support. An IMPLAN multiplier report for the 8-county Thrive region was purchased for specifically for this study, and the following multipliers were selected as most applicable for this analysis:

Figure A-1: MPM Construction Multipliers

Expenditure	Multiplier Category	Output Multiplier	Employment Multiplier
Construction	Construction of new nonresidential commercial and health care structures	1.628379	11.888852
Tenant Improvements	Maintenance and repair construction of nonresidential structures	1.674665	15.505623
Soft Costs	Architectural, engineering, and related services	1.848734	16.260202
Developer Fee	Architectural, engineering, and related services	1.628379	16.260202
WEIGHTED MULTIPLIERS		1.686217	13.84414505

Figure A-2: MPM Operations Payroll Expenditure Multipliers

Expenditure	Multiplier Category	Output Multiplier	Employment Multiplier
Executive Director	Management of Companies and Enterprises	1.735352	10.793639
Property/Facility Manager	Facilities Support Services	1.703562	12.774700
Marketing/events/program director	Advertising and Related Services	1.769542	15.713562
Custodial/Maintenance (2)	Services to Buildings and Dwellings	1.541557	23.421209
Security/Parking Attendant	Investigation and Security Services	1.707175	23.421209
WEIGHTED MULTIPLIERS		1.64401207	13.84414505

Figure A-3: MPM Operations Non-Payroll Expenditure Multipliers

Expenditure	Multiplier Category	Output Multiplier	Employment Multiplier
Advertising/Marketing/Promotions	Advertising and Related Services	1.769542	15.713562
Professional Services	All other miscellaneous professional, scientific, and technical services	1.566529	7.451732
Insurance	Insurance Carriers	1.561397	7.897282
Telecommunications	Telecommunications	1.716204	7.237631
Supplies, Maintenance, Janitorial	Retail Stores - General merchandise	1.657169	24.580845
Utilities	Electric power generation, transmission, and distribution	1.222266	3.840480
Waste Removal	Waste Management and Remediation Services	1.629874	10.574737
Reserves	Facilities Support Services	1.703562	12.774700
Other	Other support services	1.532341	13.318772
WEIGHTED MULTIPLIERS		1.49631434	9.9061974

Figure A-4: MPM Tenants Multipliers

Type	Multiplier Category	Output Multiplier	Employment Multiplier
Stalls, Stores, Carts	Retail Stores – Food and Beverage	1.654144	23.354027
Restaurants	Food Services and Drinking Places	1.631889	25.564684
WEIGHTED MULTIPLIERS		1.651028478	23.663519

APPENDIX 2 - INCOME TAX RATES

Wisconsin individual income tax rates vary from 4.60% to 7.75%, depending upon marital status and income. For single taxpayers and taxpayers qualified to file as head of household with taxable income:

over	but not over	2009 tax is	of the amount over
\$0	\$10,220	4.60%	\$0
\$10,220	\$20,440	\$470.12 + 6.15%	\$10,220
\$20,440	\$153,280	\$1,098.65 + 6.50%	\$20,440
\$153,280	\$225,000	\$9,733.25 + 6.75%	\$153,280
\$225,000		\$14,574.35 + 7.75%	\$225,000

For married taxpayers filing a joint return with taxable income:

over	but not over	2009 tax is	of the amount over
\$0	\$13,620	4.60%	\$0
\$13,620	\$27,250	\$626.52 + 6.15%	\$13,620
\$27,250	\$204,370	\$1,464.77 + 6.50%	\$27,250
\$204,370	\$300,000	\$12,977.57 + 6.75%	\$204,370
\$300,000		\$19,432.60 & 7.75%	\$300,000

For married taxpayers filing separate returns with taxable income:

over	but not over	2009 tax is	of the amount over
\$0	\$6,810	4.60%	\$0
\$6,810	\$13,620	\$313.26 + 6.15%	\$6,810
\$13,620	\$102,190	\$732.08 + 6.50%	\$13,620
\$102,190	\$150,000	\$6,489.13 + 6.75%	\$102,190
\$150,000		\$9,716.31 + 7.75%	\$150,000

APPENDIX 3 - BIBLIOGRAPHY

Documents:

Madison Public Market Business Plan and Feasibility Study, Common Wealth Development and Blue Planet Partners (August, 2007)

Madison Public Market Report, Aaron Pohl-Zaretsky, Public Market Consulting (May, 2007)

Madison Public Market Tenant Leasing Plan, Aaron Pohl-Zaretsky, Public Market Consulting (August, 2007)

Site Analysis for Locating a Madison Public Market, Aaron Pohl-Zaretsky, Public Market Consulting (October, 2009)

Websites:

www.historicmadison.org

www.implan.com

www.miron-construction.com

www.mononaterrace.com

www.publicmarketdevelopment.com

www.revenue.wi.gov

www.thrivehere.org

www.visitmadison.com

www.wistax.org