

**2012 STAFF REVIEW OF PROPOSALS FOR  
COMMUNITY/NEIGHBORHOOD DEVELOPMENT RESERVE FUNDS**  
(Housing Development Funds, Affordable Housing Trust Funds, Facility Acquisition/Rehab Funds,  
Economic and Business Development Funds, Future Funds)

1. **Project Name/Title:** Food Enterprise & Economic Development Center of Madison (FEED)  
aka FEED Kitchen Incubator
2. **Agency Name:** Northside Planning Council
3. **Requested Amount:** \$154,600 (total project request of \$500,000)
4. **Project Type:** New construction project (\$345,400 in funds have previously been approved)

**5. Framework Plan Objective Most Directly Addressed by Proposed Activity:**

Objectives E and F: Business Development and Job Creation, and Micro-enterprises

**6. Product/Service Description:**

The FEED project proposes to develop a 22,500 sq ft kitchen incubator on the Northside of Madison that will provide licensed and certified production kitchen space as well as technical assistance to food-related businesses and entrepreneurs. The incubator facility will provide 5 commercial kitchen spaces including a licensed meat processing kitchen and a bakery kitchen.

NPC is collaborating with Wisconsin Women's Business Initiatives to provide business training and start-up financing for new or expanding enterprises using the incubator facility. A secondary use of the facility will support job skill development, food service training, and job placement programs offered through Madison Urban Ministry (MUM) and the River Food Pantry.

NPC anticipates that users of the program will include low-income and ethnic minority Madison residents. Small and micro-enterprise users of the incubator will include food product developers, food cart operators, caterers, and other food business start-ups. MUM's job training programming serves returning prisoners and teens of incarcerated family members.

**7. Anticipated Accomplishments (Numbers/Type/Outcome)**

Based on similar kitchen incubator models and local market survey results, NPC estimates that 25 to 30 FTE jobs will be created in the first year of operation, and 35 to 40 new jobs in the second year. NPC estimates that a minimum of 51% of the jobs created will be targeted for individuals whose incomes currently qualify as low or moderate.

These projections exceed the current framework requirement for 1 FTE job created for every \$25,000 of CDBG funds invested. (\$500,000 = 20 new FTE's created)

## 8. Staff Review

Funding background: Comm. Development Division has previously committed \$345,400 to this project - \$200,000 through the 2011/12 summer funding process, \$95,400 recommended through the reserved Northside Neighborhood Planning process, and \$50,000 from July 2011 reserve fund request. The CDBG Committee's recommendation for additional funding support in July 2011 was limited by available balances in reserve funds. At this time, there are adequate reserve funds to consider the \$154,600 request.

NPC's application identifies the remaining impediment to acquisition of the property and construction as a project funding gap of approximately \$340,000. This request for an additional \$154,600 in CDBG funds is part of a two-part strategy to address this gap, with an eye toward project construction this fall. In addition to this request, NPC has hired a fund development consultant to direct a new fundraising campaign focused on both individuals and the Madison food industry. NPC anticipates raising the final \$186,000 through this new campaign by Sept 2012, and plans to start project construction before the end of the year.

The FEED Kitchen Incubator project meets CDD funding criteria, and is still seen as a viable enterprise. The project addresses a CDD priority of job creation. In addition, the project addresses priorities identified in the Northside Neighborhood Plan, and enjoys strong support from both area Alders. The project has developed strong partnerships with related community agencies and educational or job training organizations. An original market study completed by NPC identified strong interest and they continue to receive regular requests and expressed interest from potential business users.

The project has a detailed and reasonable business plan, and had assembled an appropriate project team, including a consultant with 10 years experience operating a similar incubator facility. The project site has been identified a significant portion of the business planning and pre-development work has been completed.

The total funding investment for the project reflected in this request is comparable to similar levels of funding provided for similar economic incubator projects, and the proposed number of new FTE's exceeds the number required in the Division's funding guidelines.

CDD staff are meeting regularly with NPC to review fundraising activities and movement towards completing this final piece of fundraising. And previous staff recommendations include the condition that CDBG funds would not be released until 80% of total project financing was committed.

## 9. Staff Recommendation:

Recommend \$154,600 of additional project funding from the Economic Development Reserve fund.