

From: [Madison Public Market Foundation](#)
To: [Finance Committee](#)
Cc: [Mikolajewski, Matthew](#); [Reistad, George C](#)
Subject: The Madison Public Market - an investment in equity through entrepreneurship
Date: Wednesday, September 28, 2022 2:59:15 PM
Attachments: [Letter Finance Committee Members.pdf](#)

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Dear Finance Committee Members,

The Madison Public Market Board of Directors kindly asks that each of you review the attached letter, which will also be delivered to each Common Council member.

The Foundation Board takes this opportunity to address many of the concerns raised by Finance Committee members at the September 12 meeting. We also wish to convey to you the essential nature of the Public Market project as an important investment in equity through entrepreneurship. We believe the Market offers unmatched economic benefits to the region's BIPOC community through a financially viable solution (as shown in the Business Plan provided).

We hope that after reading this document, you will find a solution to the funding shortfall of \$5,208,272. An amendment to the 2023 Capital Budget submitted by the 12:00 PM deadline of November 9 will allow for funding to be considered and possibly provided via the successful TID #36.

Thank you very much for your support of the once in a generation project.

Sincerely,

MPMF Board of Directors



TO: Finance Committee Members, City of Madison

FROM: Board members of the Madison Public Market Foundation

DATE: September 26, 2022

RE: **The Madison Public Market - an investment in equity through entrepreneurship**

CC: Matt Mikolajewski, Economic Director, City of Madison

The Madison Public Market is our community's next beloved public gathering space that prioritizes equity through entrepreneurship. No other project in Madison is positioned to successfully support 100+ entrepreneurs and bring 500,000 people of all backgrounds together each year to celebrate the diverse cultures of Southern Wisconsin. The Madison Public Market will feature Wisconsin farms, culturally diverse prepared food, locally-made food products, and handcrafted arts and crafts. It includes food processing in the Food Innovation Center, business acceleration, and workforce training.

As a contracted agent of the City of Madison, the Madison Public Market Foundation has been working in good faith to fulfill its responsibilities. City staff has similarly worked diligently to create the Public Market, the only public space in our community that will bring together people from all cultures, backgrounds, ages, political views, and ethnicities. The Madison Public Market and our 5,000+ supporters believe the Market is a vital public space that the City should not continue to delay for the following reasons:

- **The Market's primary goal is equity through entrepreneurship** to increase minority-owned businesses of all cultures and grow generational wealth. This is another proven outcome of Public Markets. The City's highly successful MarketReady program has prepared 30 vendors for a presence in the Market, a market that will foster their economic growth and financial security.
- Nowhere else in Greater Madison is there a **public gathering space where people of all backgrounds and cultures** want to go. This is a proven outcome of Public Markets around the country. In a divided world, we need this space.
- The Market will **generate \$20M in economic impact** for the region every year
- The need and interest is high. More than **230 large and small businesses** have submitted formal interest in vending at the Market. Greater than **50% of these businesses are minority owned**.
- The Market will **support 100+ small businesses annually**, welcome at least 500,000 people each year, and **create more than 100 jobs**.

Mayor Rhodes-Conway, as she introduced the 2023 Capital Budget, summarized how the specific values of *Equity, Civic Engagement, Well-being, Shared Prosperity, and environmental Stewardship* influenced proposed funding priorities. **The proposed Madison Public Market manifests every one of the Mayor's 2023 Capital Budget's guiding Values.**

Equity Through Entrepreneurship

The diversity of Greater Madison is its greatest asset. By celebrating our unique traditions, the Madison Public Market will be a cherished and inclusive year-round community gathering space with food, art, music, and events that bring people together, celebrating the many cultures of Southern Wisconsin.

The Mission of the Madison Public Market is equity-based economic development. The project lowers barriers to entry and creates a supportive environment for diverse entrepreneurs to launch new businesses. The Market builds on Madison's existing strengths and competitive advantages in the food industry to grow the next generation of food-based businesses. It will bring together dozens of early-stage businesses under one roof in a space that offers exposure, affordable rents, and support.

Public Markets are successful in accelerating minority-owned businesses. The Market emphasizes equity through entrepreneurship and has already supported 30 diverse entrepreneurs through the City's MarketReady program. The MarketReady program shows the untapped entrepreneurial talent in Greater Madison that was simply waiting to be harnessed. MarketReady business owner demographics include:

- 83% people of color
- 62% women
- 33% first generation immigrants
- 90% are considered low income

Five MarketReady vendors were awarded funding and guaranteed placement in the Public Market. These businesses are successfully operating, but need an affordable space to accelerate their business. While funding was only available for five businesses, several other MarketReady vendors also have strong business plans that depend on the Public Market for long-term growth and success.

[Three MarketReady vendors share their current thoughts about the Market in this short video](#)

As a City, we can support small pop-up spaces, kitchen spaces, and events for diverse entrepreneurs in scattered locations across the region, but these will not create the transformative, collective change we need to see in Madison. No other public or private project that exists or is underway will come close to fostering the type of equity through entrepreneurship for all cultures that the Madison Public Market can achieve. The Madison Public Market offers the opportunity to build wealth and prosperity within communities that have too long been marginalized. The Public Market will provide food for one of Madison's "Food Access Focus" areas on the Northeast side, and has plans to ensure that affordable food is available at the Market.

Madison Public Market Business Plan

The Public Market Foundation was formed to become the operator of the Public Market. The Foundation has met its City imposed commitment to raise \$3 million, with the support of area philanthropic foundations and the business community. **A gift of \$1.5 million has been pledged by one of Madison's largest private employers.** The Foundation will operate the market as an independent, local non-profit organization handling leasing, licensing, marketing, maintenance, programming, etc. The City of Madison will retain ownership of the facility and site. The City will continue involvement and oversight via three appointed members of the Board of Directors. An Operating Agreement will establish terms for ensuring a successful partnership between the City and the Foundation.

The Madison Public Market has a viable business plan that demonstrates financial independence. The City of Madison hired one of the world's leading public market experts, Projects for Public Spaces, to conduct a feasibility study for a Madison Public Market. The City then authored the Madison Public Market Business Plan from that study. [The Business Plan and operating financial forecast \(updated in late 2020\) can be found here.](#) Highlights include:

- Operating losses for the first years have been factored into the capital costs.
- The Market will operate a \$1M annual budget. Two anchor tenants will be key to viability.
- A hybrid vendor rent structure, common and successful at other markets, includes a base rent per square foot, base Common Area Maintenance (CAM) charge per square foot, and a percentage of sales.
- An extensive Marketing Analysis, with local comparisons and surveys from over 2,000 residents, anticipates at least 500,000 annual visitors and \$16M in direct annual sales, as well as tens of thousands of dollars in City specific sales taxes.

The project will repurpose the existing and obsolete city-owned Fleet Services garage to create a truly

special community destination. The City of Madison commissioned Project for Public Spaces to perform a “Huff Gravity Model” analysis to evaluate this selected site and others for sales potential. Based on population density and spending patterns of people within different travel time distances to the site, the analysis estimated that the selected site for the Public Market could achieve \$12 to \$14 million in annual sales (just in food to take home). With prepared foods included, the City anticipates total average annual sales of \$16 to \$20 million.

Public Markets are financially viable with a strong social return on investment. **The City of Madison's Madison Public Market business plan does not show that ongoing investment is needed.** However, the City of Madison may choose to provide “impact based” subsidies that enhance the Market’s mission to promote entrepreneurship among the BIPOC community.

Examples of Successful Public Markets are Plentiful

Public Markets are beloved places. Public Markets are not a new concept and have been operating successfully in the US for over a century. Nearly all of the best cities across the US and the world have one thing in common: vibrant, beloved public markets that bring people from all backgrounds together to experience local culture. **In the Midwest, there are nearly 30 successful public markets** in communities of all sizes and demographics.

In Wisconsin, there are four public markets, and several in the planning stages, with the Milwaukee Public Market welcoming over 2 million visitors every year. The Madison Public Market’s business plan specifically calls for collaboration with the Greater Madison Convention and Visitors Bureau, Downtown Madison, Inc, UW Madison, Monona Terrace, and other event facilities. Marketing plans target Milwaukee, Chicago, Minneapolis and other regional markets.

The Madison Public Market is Highly Popular

Throughout years of anticipation, the Greater Madison community has voiced support for the Public Market. In 2020, during the height of the pandemic, over 100 citizens, businesses, and organizations contacted the Mayor and Common Council to voice support. Several alders in the past have commented that the most citizen feedback they’ve received has been in support of the Market. **Letters of Support from area non-profit agencies, businesses and community members are included below.**

Broad community support is demonstrated through the large amount of individuals interested in our success: [Facebook](#): 5,041 followers [Instagram](#): 3,239 followers [E-Updates](#): 4,848 subscribers

Throughout the years, there have been many opportunities for public dialogue. The links below share a variety of recent perspectives from individuals, businesses, and organizations who support the Market.

[Public feedback from individuals and multiple organizations](#)

[Letters of support from diverse organizations in support of the EDA grant](#)

At this time, funding for the Public Market exists from private donations (\$3M), TID #36 (\$7M), the State of Wisconsin Neighborhood Investment Fund grant (\$4M) and other sources totalling \$14.8M. Without adequate and immediate funding, the Market’s construction will be delayed for the foreseeable future. Continued project uncertainty will jeopardize private funding commitments. It is not unrealistic to conclude that a halt in the Market’s progress could kill the project in its entirety.

The Market will provide one central location where Madison’s diverse food culture can be experienced and celebrated. With that in mind, the Madison Public Market Foundation, and other supporters of the Public Market, respectfully request that the funding shortfall of \$5,208,272 be added to the 2023 Capital Budget, with consideration to be made for funding to be provided via the successful TID #36.

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<info@madisonpublicmarket.org> wrote:

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