

MADISON PUBLIC MARKET

Site Analysis for Locating a Madison Public Market



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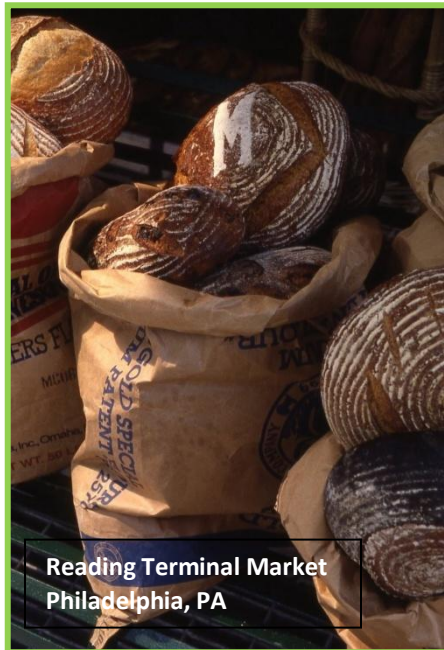
Introduction

The Madison Public Market (MPM) evolved from a grassroots project initiated by Home Grown Wisconsin, a cooperative of Wisconsin farmers, who in 2003 convened the Central Agriculture and Food Facility Group. The following year a preliminary study concluded that Madison could support a stand-alone public market. In 2005 Common Wealth Development and Blue Planet Partners were engaged to start MPM pre-development work and convened the Madison Public Market Working Group. Aaron Pohl-Zaretsky, a public market consultant, was contracted starting in 2006 to oversee market research, develop a market report and other supporting documents. From 2006-2007 a comprehensive body of Madison Public Market feasibility work was completed.

"Madison Public Market Project Report: Key Highlights and Findings" builds on the feasibility work that established the viability of a successful Madison Public Market, which was accepted by the Madison Common Council on November 18, 2008.

These reports include:

- The Madison Public Market Business Plan (2008)
- The Madison Public Market Report (2007)
- The Madison Public Market Tenant Leasing Plan (2007)
- Recommended Development Scenario and Options for the Madison Public Market (2007)
- Market research that established strong public support for a Madison Public Market near the Capitol Square (2007)
- A Farmers' Market and Public Market Survey that found that public markets benefit existing farmer's markets (2006)



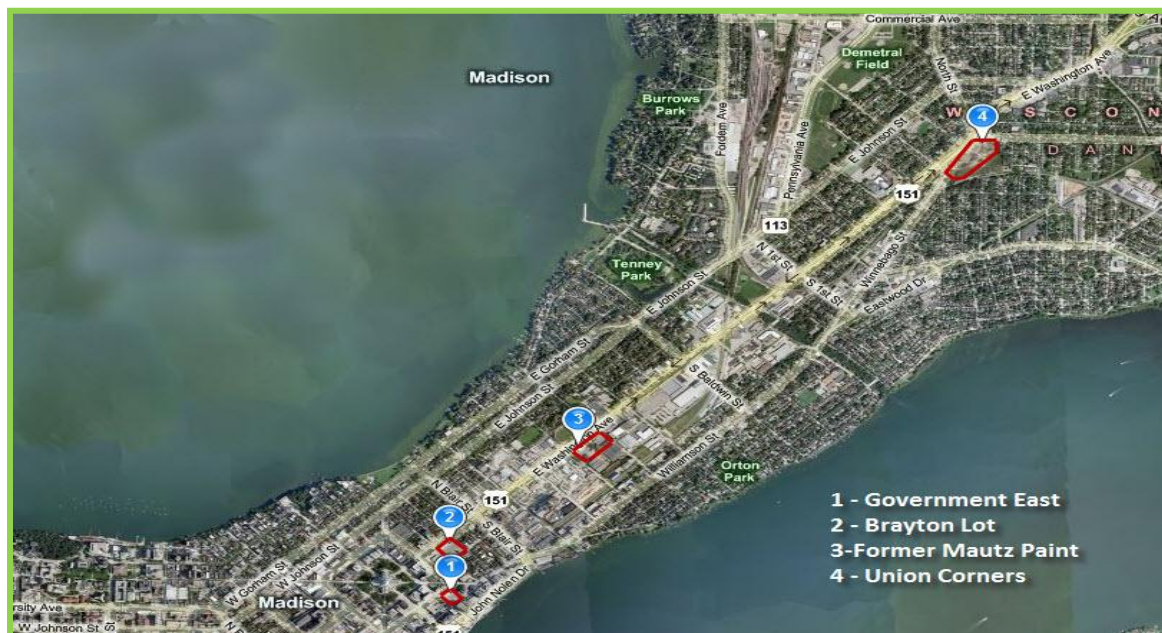
These studies create the context for, and are critical to, understanding this site analysis report.

When the initial MPM Report was accepted by the Common Council, there was a strong desire to see how other sites compared to the Brayton Lot, which was the preferred site.

Due to the need to limit scope, we framed this site analysis in a fairly narrow way to determine whether additional sites, beyond the Brayton Lot, should be considered as potentially viable. If the City were to determine that due to public goals or development timeframes one of these sites were selected, then additional, more detailed market development feasibility studies would need to be completed.

Finding the site that meets the critical factors necessary to develop a successful Madison Public Market is essential. The purpose of this report is to evaluate three additional sites for the Madison Public Market, compare them to the Brayton Lot site that was deemed the strongest site in previous studies, and make a site recommendation. A comparative analysis was conducted on these sites:

- Government East Parking Structure (215 S. Pinckney St.)
- Brayton Lot (300 block of East Washington Ave.)
- Mautz Paint (900 Block of East Washington Ave.)
- Union Corners (E. Washington Ave., Winnebago St. & Milwaukee St.)





Background on Public Markets

Every public market is different and serves, and is shaped by, the community in which it resides. The public market concept embraced by a community drives the public markets business model and is a major site selection determinant. While one community may choose to site a public market in a distressed area and make a commitment to on-going public subsidy, another community may choose to site a public market in a location with strong sales potential to facilitate long-term financial self-sufficiency.

We want to provide a brief overview of the basic concepts, goals, and purposes of a public market for the Madison region.

What is a Public Market

A Public market is a year-round indoor/outdoor, carefully-crafted, intentional and diverse medley of owner-operated shops, stalls and day-tables. Public markets typically focus on the sale of a full array of fresh and prepared foods.

Public markets throughout the country reflect the culture and food traditions of their region, creating a destination for local residents as well as visitors. Seattle's Pike Place Market, renowned for its fish throwing seafood vendors, is one of the best-known public markets in the country and is by far the largest tourist venue in the Pacific Northwest.

Pike Place Market supports more than 100 farmers, 150 craftspeople, nearly 300 small business people and 50 performers.

Other well-known American public markets include: Philadelphia's Reading Terminal Market, New Orleans' French Market and San Francisco's Ferry Building Marketplace. Midwestern public markets include Findlay Market in Cincinnati, Ohio, North Market in Columbus, Ohio and the Milwaukee Public Market located in the Historic Third Ward.

Successful public markets in smaller communities include the Fifth Street Public Market in Eugene, Oregon, Oxbow Public Market in Napa, California; and Grove Arcade Public Market in Asheville, North Carolina.

Typically, public markets are owned and operated by public or non-profit entities. Most public markets' initial capital costs are financed by a combination of public and private funding sources.

Public Markets are Powerful Economic Engines

The Madison Public Market is a significant economic development project that will create new jobs and entrepreneurial opportunities that are critical to our economic recovery and our central business district; anchor a larger commercial development, expand the local food economy, and catalyze additional development in the area around the Market.



Public markets are proven economic development catalysts. Public markets support the success of small locally-owned businesses, create entrepreneurial opportunities for low- and moderate-income individuals and minorities, create jobs, stimulate economic activity in the area around the market and create year-round tourist destinations. In an audit of its \$6,000,000 award to Seattle's Pike Place Market, the U.S. Economic Development Administration (EDA) concluded that the public market renovation was the most successful community economic development project in the history of the U.S., turning one time capital support into long-term, permanent, well-paying jobs.

A Public Market in Madison

Understanding the Madison Public Market concept and goals is critical to evaluating potential Madison Public Market sites. This MPM business model is grounded in long-term financial sustainability.

The Madison Public Market Business Plan and supporting reports provide a detailed project concept. The following is a summary of what the Madison Public Market is designed to achieve.



Imagine...an indoor Market place bustling with people and activity, vendor stalls bursting with fresh produce, flowers, chocolates and cheeses, the aroma of fresh baked goods, spices and roasting coffee, colorful displays of arts and crafts, inviting gathering areas filled with people enjoying a freshly prepared meal, a cup of coffee, a game of chess or a musical performance. This is the Madison Public Market.

Madison Public Market will bring the bustle and 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. Many products, such as cheese and ice cream, will be made on-site in full view of shoppers. Local farmer and artisans will vend an ever-changing array of goods from 15 three-season day-stalls.

Eight colorful free-standing vending carts will be located in the central Market plaza. The Market will be a feast for the senses and celebrate the products, culture and diversity of Madison's citizens. The MPM will also offer classes by local chefs in the on-site demonstration kitchen for children and adults focusing on healthy eating and local food ingredients. Customers from all income levels, from every ethnic group and from every part of the city and region will find top quality foods sold by authentic, locally-owned small businesses.

The Madison Public Market will be a unique fresh and prepared food shopping venue that will serve a growing base of consumers interested in buying local and regional food year-round.

The Madison Public Market will also serve as an informal public space unique to the Madison region. It will be a place to take the kids on a cold February day, meet friends after work, or come to listen to live music. All in the same place.



Public Market Goals

Public markets are designed to serve public purpose and in any site analysis, these public goals must be considered. From its earliest conception the Madison Public Market was conceived to achieve three primary public goals:

1. Generate significant local and regional economic development
2. Expand the regional food economy
3. Create a vibrant regional public space that celebrates diversity

These three goals above have served to guide the process to date along with the requirement for a public market to be financially self-sufficient. There are additional wide-ranging public goals that could be achieved by a public market in Madison. For example, a Madison Public Market with the public goal of anchoring a blighted area would have more modest goals and a different financial model and would most likely require on-going public subsidy; as opposed to a central downtown site in the heart of or adjacent to the commercial district, which would be a significantly more financially viable location.

Our initial site feasibility analysis pointed to viability of a public market located on the Brayton lot. More recently, the Government East site has emerged as the most feasible site with similar viability profile and with a shorter time development. As stated earlier, once a final site is selected, additional and more detailed market feasibility and development work will be needed.





Why the Time is Right for a Madison Market

Beyond these public goals, we want to offer a number of additional reasons why the Madison Public Market remains a strong project for this region:

1 The Madison Public Market is an innovative project that will support new business development that is critical to economic recovery and will create ^{*} 331 new jobs.

Creation of jobs will be a critical agenda in the current and coming years. Public markets are strong job generators.

Companies under 5 years old are responsible for nearly all net job creation in the country. The MPM will support the success of 40 new locally-owned companies at the MPM Market that will create at least 194 direct jobs. The MPM will create entrepreneurial opportunities for low and moderate-income individuals and minorities. The MPM itself will create 18 direct and indirect jobs. An estimated 119 direct and indirect jobs will be created for Dane County farmers and producers selling both retail and wholesale at the Market. In addition, jobs will be generated for the construction of any mixed-use development that potentially will be constructed as part of the MPM.

2 The Madison Public Market could be a catalytic economic development project that will strengthen the downtown or anchor redevelopment in the East Washington Capitol East District.

A critical step in the redevelopment of the East Washington Capitol East District is major economic development project that will catalyze additional development. If the MPM is built on the Brayton Lot site or elsewhere on East Washington Ave., it will directly link the Capitol Square and East Washington, create opportunities for existing and new businesses in the vicinity of the Market and spark additional redevelopment along the Corridor.

^{*} Based on 67,000 gross square foot market.

Conversely, if the MPM is located on the Government East site, it will anchor the redevelopment of a major block in the heart of downtown Madison. It could also be a catalyst for the development of a new and adjacent hotel serving Monona Terrace. Although not designed to serve the tourism industry, a location near Monona Terrace would provide an additional major amenity for downtown and convention visitors.

3. Madison has the population base and market demand to support a public market.

The Madison Metropolitan area has an estimated population of 561,000 and is one of the fastest growing areas in Wisconsin. Consumer demand for fresh local foods is evident through the success of the Dane County Farmers Market and neighborhood Farmers' Markets as well as community supported agriculture farms. A Market Survey conducted in 2007 for the Brayton Lot site revealed strong public and consumer support for the Madison Public Market.



4. Madison needs a year-round public space that celebrates diversity.

Madison has few year-round public spaces where all Madisonians feel welcome. The Madison Public Market will be designed to be a year-round meeting space, gathering place and shopping mecca where customers from all income levels, from every ethnic group and from every part of the region will feel welcome and find food and other products that meet their families' needs. The Market will celebrate Madison's diversity.

5. A public market is a strong 1st floor retail use which could help anchor a larger commercial development.

This objective is often understated but is a critical potential reason to place a public market on the first floor. A public market could help to catalyze a larger mixed-use development and provide a vibrant street level use on any of the sites identified.



Comparative Site Analysis

Overview

The challenge of completing a comparative site analysis for public markets is balancing public benefit goals with market feasibility. The following is a tool to start the conversation and provide a framework for evaluating sites. This analysis is not intended to be a comprehensive market study for each of these sites. It does however; provide a critical understanding of the sites under consideration. If a particular site is selected, additional feasibility work would need to be completed.

The analysis concludes that the two downtown sites are the most viable candidates for a successful public market in Madison, but these recommendations must be seen in a larger context of public goals that the City of Madison would ultimately have to weigh before making a final decision.

Competition

Since the previous site analysis and business plan was completed, key changes have occurred in the marketplace which need to be noted. These changes potentially affect the viability of potential sites and could influence the size of the Madison Public Market.

Whole Foods abandoned their plans to open a new store on University Avenue near Hilldale Mall that was slated to incorporate some elements of a public market in their store concept. The elimination of this major competitor on Madison's affluent west side **improves** the demand for a centrally-located Madison Public Market.

The Hy-Vee grocery chain opened a 90,000 sf store in the fall of 2009 at 3801 E. Washington Avenue. Hy-Vee tweaked their product line to include local produce, Wisconsin artisan cheese, Wisconsin beers, five aisles of organic and natural foods and a large selection of prepared foods with a 178-seat dine-in area. Hi-Vee is also working on development plans for a similar grocery at the corner of Odana Rd and Whitney Way, on Madison's West Side. Union Corners is located 2.3 miles from the new Hy-Vee and 1.5 miles from Woodman's on Milwaukee Street which **negatively** affects the viability of Union Corners for a successful public market.





Early in 2010, Fresh Madison Market, an 18,000 sf store opened at University Square at the corner of Lake Street and University Avenue. The entry of this store in the heart of the University of Wisconsin campus area **will have some effect** on the potential MPM sites near the Capitol Square and could influence the optimal size of the Madison Public Market.

The store will feature fresh foods with an emphasis on organic and natural foods. This store is located 1.16 miles from the Brayton Lot and 1.17 miles from Government East.

Site Recommendation Overview

The Madison Public Market business model assumes long-term financial self-sufficiency. To achieve both the MPM public and financial goals, it must be sited in a strong sales location in order to attract the exciting and diverse vendor mix that is detailed in the previously completed Madison Public Market Leasing Plan. In Madison, only the Capitol Square area has both the concentrated employment and residential base that can generate the strong sales necessary to attract public market vendors who can pay the rent required to operate a financially self-sufficient public market.

Government East and the **Brayton Lot** stand out as the strongest sites. They are the best sites to locate a Madison Public Market that will be financially successful and have the greatest overall economic effect.



The MPM could be a strong first floor anchor tenant for a mixed-use development at either site. The Madison Public Market located on the **Brayton Lot** could be a catalytic economic development project that will anchor redevelopment in the East Washington Capitol East District.

There are a several variables that need to be considered:

- **The City of Madison economic development goals**

Both sites are strong sales sites. The Brayton site has the potential to stimulate economic development in the under-developed East Washington Capitol East District. The Government East site would anchor redevelopment of a multi-story commercial use; it would also become a significant amenity for Monona Terrace and downtown conferences.

- **Site availability**

The City's Parking Utility plans will play a large role in determining the site of the MPM. Currently the Parking Utility is proceeding with the redesign and redevelopment of Government East with an estimated timeline of 2-3 years. The Brayton Lot is scheduled for redevelopment by the Parking Utility somewhere in the next 6-10 years.

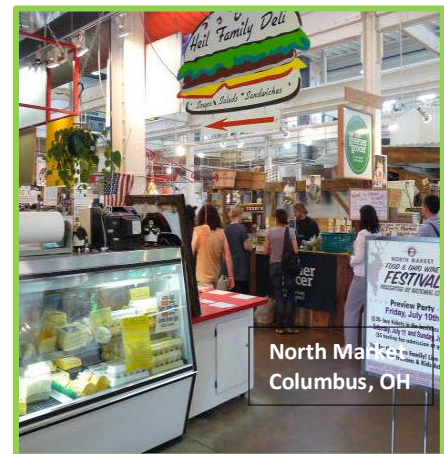
- **Adequate parking**

Either site could be adequately parked with structured parking.

- **Potential for market demand for compatible commercial development**

Given its location, there is fairly strong consensus that Government East has stronger initial development demand than the Brayton Lot site, and thus, would be a more viable candidate for a mixed-use development of the site in a shorter timeline than the Brayton Lot site.

- **Relative development costs that are site specific e.g., ease of addressing elevation changes, etc.**



Given the development timeline for each site, and the likely higher commercial demand for the **Government East** site, the **Government East** clearly emerges as the strongest site for a public market, assuming a 2-3 year horizon.

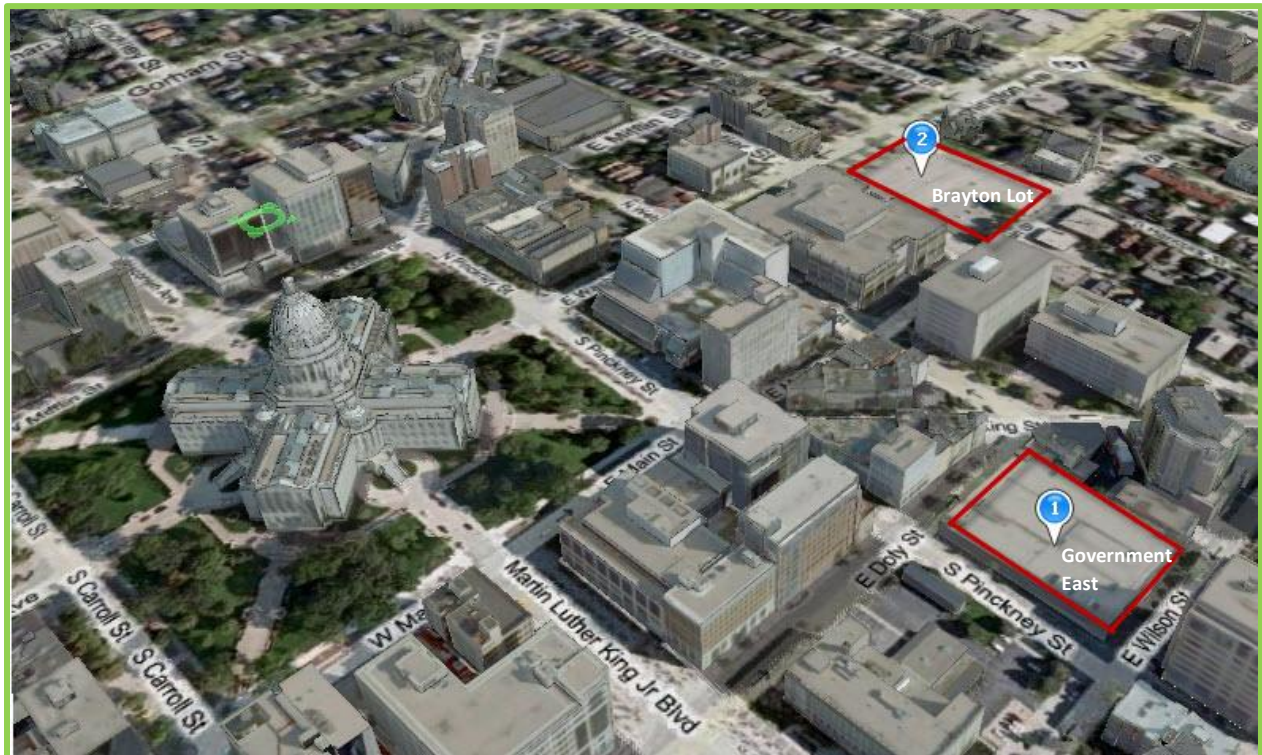
On the site analysis matrix which compared approximately 65 variables, **Government East** also was scored as the strongest site among the four sites considered. **Brayton Lot** came in a close second with **Mautz Paint** in third, and **Union Corners** a distant fourth. (please see Appendix A)

The **Mautz Paint** site and **Union Corners** are much weaker sites in large part because they are not located in the dense residential and employment areas downtown that are critical to strong sales and would not fulfill the current Madison Public Market goals.

Neither **Mautz Paint** nor **Union Corners** are perceived as central to the region and would potentially be considered to be East-Side sites.

Could the Madison Public Market succeed at either location?

As currently envisioned, the Madison Public Market would have significantly higher likelihood of failure if located at either the **Mautz Paint** site or **Union Corners**. The high cost of site acquisition and private ownership are also major stumbling blocks. A market at either of these sites would require changing the MPM public goals and developing a new business model that would potentially require on-going public subsidy. A public market at **Union Corners** would need to be designed as a smaller neighborhood market, not a regional facility. As a result fewer jobs would be created and the potential positive economic effect would be reduced.



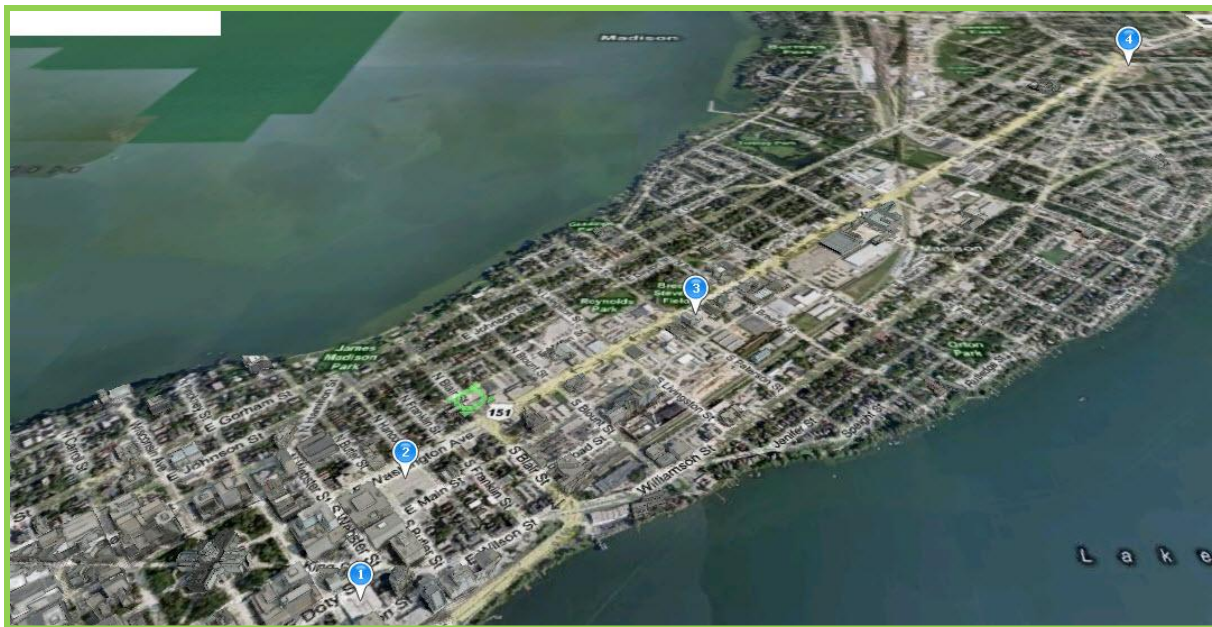


Site Analysis

The following is a summary site analysis of the following four sites:

- 1) Government East
- 2) Brayton Lot
- 3) Mautz Paint
- 4) Union Corners

Also, attached to this report, in Appendix A, is a site analysis matrix that evaluates the four sites based on **65** differentiating variables.



Government East



Key Advantages:

- Proximity to a concentrated employment base that will patronize the MPM on weekdays (25,272 workers within ½ mile)
- Proximity to a growing residential district and near-east neighborhoods that will patronize the MPM throughout the week (26,560 residents within 1 mile)
- Parking Utility is proceeding with redesign and redevelopment of site with an estimated timeline of 2-3 years
- Within one block of the Saturday Farmer’s Market and the Wednesday Farmer’s Market – providing an excellent synergy between these uses
- Located adjacent to the Capitol Square, Monona Terrace, and King Street Entertainment District that draw out-of-town visitors
- Central location that has good potential for becoming a regional destination
- Proximate to the Monona Terrace and Hilton Hotel – providing conference attendees with great food and passive recreational activities.
- Good access for all modes of transportation
- Location in a compatible, mixed-use community
- Public ownership



Government East



Key disadvantages:

- Lower visibility – not located on main thoroughfare
- More challenging access due to narrower streets and area congestion
- Elevation changes could complicate design



Brayton Lot



Key Advantages:

- Ideal location for a catalytic economic development project that will link the Capitol Square with the East Washington Capitol East District
- Proximity to a concentrated employment base that will patronize the MPM on weekdays (28,530 workers within ½ mile)
- Proximity to a growing residential district and near-east neighborhoods that will patronize the MPM throughout the week (34,870 residents within 1 mile)
- Accessible to Monona Terrace conference attendees and visitors staying at downtown hotels
- High visibility on East Washington Avenue, a main thoroughfare.
- Central location that has greatest potential for becoming a regional destination
- Excellent access for all modes of transportation, right side of East Washington Ave. for drive home traffic.
- Location in a compatible, mixed-use community
- Public ownership



Brayton Lot



Key Disadvantages:

- Location is in currently “under-developed” area
- Property is potentially 6 to 10 years away from being ready for development given current Parking Utility plans
- Elevation changes could complicate design



Former Mautz Paint

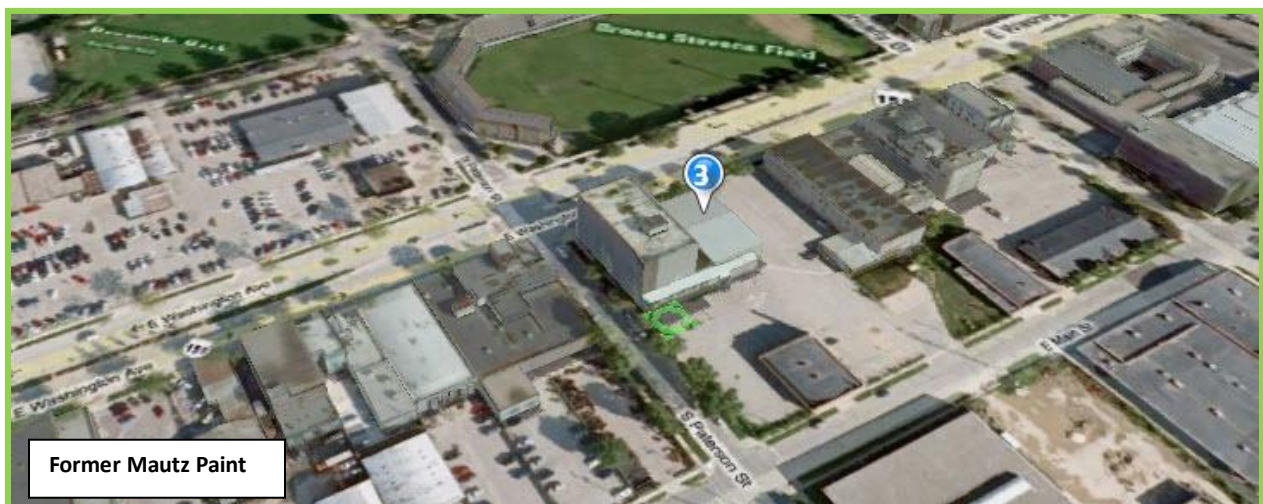
Key Advantages:

- Adequate size
- Good East Washington Avenue access, right side of Avenue for drive home traffic.
- Fair visibility
- Could spur redevelopment in surrounding area
- East side neighborhoods likely to support



Key Disadvantages:

- Private ownership
- High cost of acquisition
- Difficult acquisition path
- Possible negative effect on Willy St. Co-op
- Too far from downtown concentrated employment area to be easily accessible during weekdays
- Surrounding area is currently under-developed with some large vacant sites



Union Corners



Key Advantages:

- Adequate size
- Plenty of room for parking
- Could help anchor redevelopment on site
- A public market would fit well with strong near east-side support for local and regional food



Key disadvantages:

- Location is weak sales site
- Private ownership
- High cost of acquisition
- Difficult acquisition path
- Not centrally located – more difficult to access
- Too far from downtown concentrated employment area
- Lower residential density



Recommended Next Steps

- **Resizing the Public Market.**

The sizing of the Madison Public Market should be reconsidered given the economic downturn and the intense competition for public and private grant funds. The original building plan of 67,000 gross square feet could be scaled back to roughly 40,000 – 45,000 gross square feet but needs to be at least 40,000 gross square feet to be financially viable. This will involve giving up some of the economic development benefits but it will increase the feasibility and lower the upfront capital costs of the project.

Once a site is selected, a new tenant leasing plan and design program will need to be developed.

The building footprint of the Government East Site, 52,272 SF, will accommodate a re-sized market on the ground floor with access to below grade parking and upper levels offices or residential uses. Similarly, the footprint of the Brayton Lot without the State-owned portion is roughly 57,500 SF. This too can accommodate ground floor access to underground parking and an upper level development.



- **The Madison Public Market will need strong ownership by the City of Madison for the project to proceed.**

If the Madison Public Market is to become a reality, the City of Madison needs to become a full partner invested in its successful development. The MPM is an economic development project that will play a key role in Madison’s economic recovery. While Common Wealth Development could remain the actual developer, they need the City’s full participation to realize the market’s true potential.

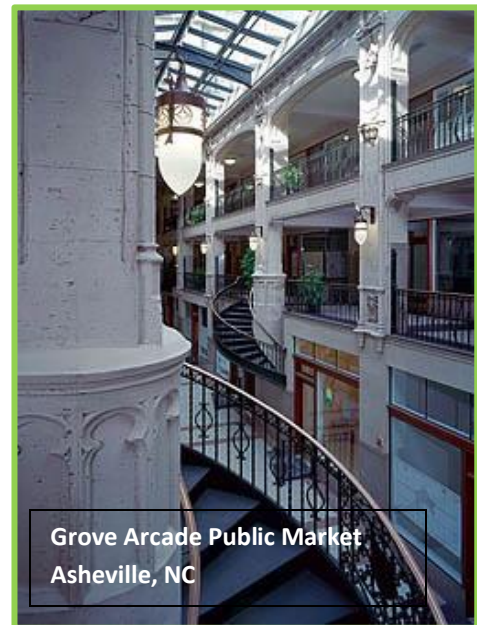


The City has the most to gain from a successful Madison Public Market. Particularly in these difficult economic times, it would be difficult for any non-profit to successfully develop the Market solely with tacit support from the City. By working together, there is an opportunity to create something truly wonderful that will be broadly beneficial to all citizens for years to come.

- **Now is the time to build the Madison Public Market**

The Government East is a strong Market site with an imminent redevelopment timeline. The Madison Public Market can anchor the first floor of a larger mixed-use development on the Government East site that will generate construction jobs and pump millions of dollars into the local economy.

The Madison Public Market is a catalytic economic development project that will generate new jobs that are critical to Madison's economic recovery and create entrepreneurial opportunities for low and moderate-income individuals and minorities. It will also create a unique public space that will strengthen the downtown as a destination and provide a major public amenity for the entire region.





Matrix Analysis

The following matrix analysis is a tool that many communities have used to weigh the costs and benefits of various potential public market sites. The matrix site analysis that is attached evaluates the four potential sites for the Madison Public Market. Each site is evaluated and rated based on 65 separate differentiating variables.

Because public markets are by definition designed for public benefits site location must weigh a broad set of factors to determine viability. Certainly financial viability is a prerequisite to any site selected. Beyond that, however, the criteria to determine where to locate a public market must weigh a broad set of criteria.

This analysis is the result of input from the Madison Public Market team members, City officials, existing adopted plans, and the perceptions of the authors. The ultimate site selection decision should be made by the Madison Public Market team, with the concurrence of lead City officials. To the extent possible, the selected site should be consistent with the spirit of the neighborhood and special area plans and should strive to enhance treasured institutions such as the Dane County Farmers Market and the Capitol Square.

Each site characteristic has a subjective rating of 1-3 based on an analysis of whether the site adds to or detracts from the likelihood of success as a public market.

Ratings: 1 = site weakness

2 = site neutral or mixed positive and negative

3 = site strength

? = No current information, or, could be a strength or weakness – needs further exploration.

Public markets are complicated organisms that succeed or fail due to a synergistic interaction of diverse criteria. While, clearly, not all of these criteria are of exactly equal weight, the following weighted matrix has proven to be a useful tool in comparing and contrasting different site characteristics.

Please note that letters (A,B,C, etc.) denote explanatory footnotes following the matrix.