



Madison Public Market BUSINESS PLAN

Draft Update: September 2017





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Part 1: Introduction & Background

Public Market Vision & Mission

Vision

The Madison Public Market will be a year-round, inclusive, and welcoming community destination featuring a diverse pool of entrepreneurs offering fresh produce from local farmers, culturally diverse prepared food, locally-made food products, handcrafted arts and crafts.

Mission

The core mission of the Public Market is community-based economic development. The market will lower barriers for diverse entrepreneurs and create a launch pad for startup and early-stage businesses. Further, the market will provide space for food processing and workforce training focused on building a stronger regional food system. Finally, the Public Market will become a cherished community gathering space with art, music, events, and classes, and a range of activities that bring the City together.

Why a Madison Public Market

The Madison Public Market is an economic development initiative. Its core focus is to create opportunities for diverse entrepreneurs to start and grow businesses. It builds on Madison's existing strengths and competitive advantages in the food industry to grow the next generation of food-based businesses. The Public Market aims to be a place that lowers barriers of opportunity to a diverse pool of entrepreneurs. It will bring together dozens of early-stage businesses under one roof in a space that offers a built-in customer base, affordable rents, and support services.

More than just a retail facility, the Public Market includes the Food Innovation Center (FIC), which fills a key missing link in Madison's local food system. The FIC will be a small-scale shared food production and workforce training facility. It focuses on developing workers who are ready to fill needed positions in the food industry, bringing regional farmers together with Madison businesses, and creating opportunities for local institutional food buyers to source products from the region.

The Public Market will also become a cherished community destination. The Public Market will not only bring together farmers, startup food entrepreneurs, established food businesses, workforce training opportunities, and food processing, it will also feature community events, music, festivals, craft markets, community classes, children's activities, and public art. Built as part of a transformational public/private redevelopment, the Public Market site includes additional privately-built complementary commercial space and housing. All of this will happen in a unique setting, located at a highly-visible gateway to central Madison and adjacent to a 5-acre park along the Yahara River within Madison's Capitol East District.

The Public Market creates a powerful catalyst for entrepreneurship, as well as a unique and inviting community space that will become one of Madison's beloved destinations for residents and visitors alike.

Business Plan Purpose

The Intent of this Public Market Business Plan is to guide decisions by the City of Madison and the Public Market Foundation in the implementation of the project. It is also intended to provide information to potential vendors, project partners, and project investors about how the Public Market will be built and operated.

Building on Regional Economic Strength

Madison is located at the center of one of the most diverse and abundant agricultural regions on the planet. Food is an important regional economic driver:

top 2% - Dane County's nationwide ranking in agriculture production

24,000 - People employed in food-related industries in the Madison Region.

7,000 - Projected job growth in food processing and food preparation in Dane County by 2027,

Working with Projects for Public Spaces (PPS) the City completed the original Public Market Business Plan from 2013 to 2015 (adopted by the City of Madison Common Council in October 2015). This plan has been updated from that previous version and summarizes key information about how the Madison Public Market will be built and operated. This Business Plan is the product of a five-year effort, led by the City of Madison and including input from dozens of partner organizations and stakeholders, hundreds of potential public market vendors, and thousands of community members through surveys, focus groups, workshops, an online form, and a variety of other outreach activities.

Project Background

Madison has been exploring the concept of a Public Market for over a decade. In 2011, the City's Local Food Committee (renamed the Public Market Development Committee) was formed to study the City's food economy and make recommendations for the location and vision for Public Market. The committee spent two years conducting research, talking with stakeholders, and forming the basis of a vision of the project.

In summer of 2013, the City engaged Project for Public Spaces (PPS) to assist in developing a business plan. PPS worked with the City for over two years to develop a business plan in three phases:

1. Vendor cultivation and market research
2. Location selection
3. Final business and operating plan

PPS completed its work in 2015 and the Madison Common Council approved the Business Plan. At the time, the plan called for retrofitting the City's First Street Garage as the Public Market. Though the specific location within the overall project site has changed, the 2015 Business Plan continues to be a guiding document for the project. This document is an update of that approved Business Plan.

Summary of Progress

Pre-2011: City looks at opportunities for a Public Market

2011-2013: Committee formed, two years of research and outreach to stakeholders to create a vision that fits Madison

2013: Project For Public Spaces (PPS) engaged to develop a business plan

2014: City selects 1st Street as the location for the Public Market

2015: City and PPS finalize business plan (adopted by Common Council 10/6/2015)

2016: The Common Council adopts the Public Market Implementation Strategy and directs next steps on design, vendor development, and funding

2017: The Public Market Foundation is formed and kicks-off fundraising effort, MarketReady Program is launched, site plan finalized, and negotiations with developers underway

After the Business Plan was approved, the Committee and staff next developed the Public Market Implementation Strategy. This Strategy lays out five “Work Elements” necessary for the project to move forward:

Five Work Elements from the Implementation Plan:

1. governance/operations
2. funding
3. design
4. vendor development
5. outreach and momentum building

The Implementation Strategy was approved by the Common Council in March of 2016. Since the approval of the Implementation Strategy, the City staff and the Public Market Development Committee (PMDC) have made extensive progress on all five work elements. From a governance and funding standpoint, the newly-created Public Market Foundation is now in place and ramping up its operations. From a design standpoint, the City is working with an architecture team to finalize plans. The Public Market will be located on the site of the Washington Plaza Shopping Center (commonly called the “Fiore” center). Most importantly, the City has continued to reach out to and cultivate a diverse pool of businesses interested in operating within the Public Market. There are currently 140 businesses that have completed a detailed vendor interest form and expressed their interest in the project. The City has also launched the MarketReady Program, which is a training, technical assistance, and small grant program focused on supporting prospective Public Market Vendors.



Part 2: Project Location

What does the Public Market mean for the Farmers Market?

Madison is fortunate to have the nation's largest producer only farmers market downtown, as well as several great neighborhood farmers markets. Madison's farmers market tradition isn't going to change with the Public Market, and will hopefully get stronger through partnerships, joint marketing opportunities, etc. By providing a large, flexible, indoor space with on-site kitchen facilities, the Public Market could become home to the Dane County Farmers Market's winter market. In addition, the Food Innovation Center at the Public Market will provide opportunities for farmers to create value-added products that they can sell year-round. The Public Market can also be a place that farmers bring surplus products to be processed or sold in bulk. With classes and event space, the Public Market and Farmers Market can be marketed to the community in partnership. The City has been coordinating with the Dane County Farmers Market Management and Board to ensure that Farmers Market and Public Market work in tandem

The Madison Public Market will be located at the corner of First Street and East Washington Avenue. The Market will be built as part of a public/private partnership. It will be a mixed-use project on that corner which will replace the aging Washington Plaza strip retail mall.

The selection of this location was made in 2015, after an extensive analysis and public outreach effort.

This site selection decision was based on several factors:

- **Opportunity for Public/Private Partnership** – Current plans call for the Public Market to be built as part of a multi-use, public/private redevelopment of the shopping center at 1st Street and East Washington. This public/private partnership will maximize the impact of the community's investment. Being adjacent to commercial and residential space will increase activity at the market.
- **Visibility & Access** – The Public Market will be prominently located at a key gateway into the central City. The site sits on one of the highest visibility commercial corners in Madison. East Washington Avenue carries over 80,000 vehicles per day and First Street carries over 20,000. The site is also served by 10 different bus routes and has seven-day per week bus services. In addition, the site is well-served by pedestrian and bicycle infrastructure. The Yahara Path provides access across the Isthmus and the Mifflin Bike Boulevard provides a connection downtown. This location is easily accessible from the Airport and I39/90 for out-of-towners.
- **Potential for Sales** – As part of the PPS Business Plan, the City commissioned a "Huff Gravity Model" analysis to evaluate different locations 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 \$16 to \$20 million in annual sales. These sales estimates exceeded all other options being considered.
- **Site Size** – The Public Market parcel is 3.65 acres. The adjacent Fleet Building is another 3.2 acres and surrounding public green space adds another 12 acres to the overall site. This large parcel creates the opportunity for a multi-phase project with

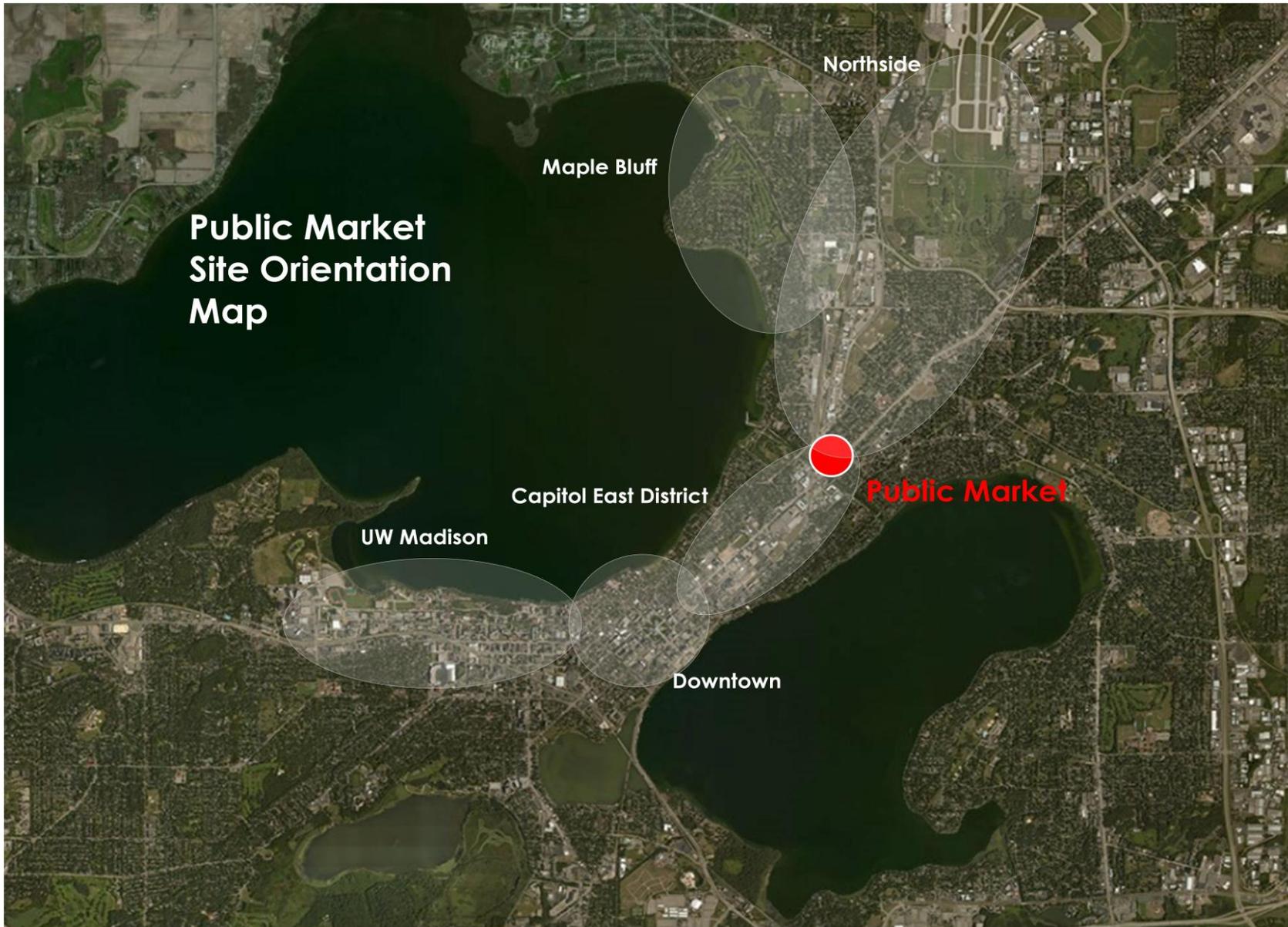
room to grow. The vision for the Public Market is a place with bustling activity including events, wholesaling, and food processing. These uses need ample space for trucks loading docks, parking, etc.

- **Vendor Preference** – The City surveyed potential Public Market vendors on their preferred location, and vendors tended to prefer the near East Side.
- **Connection to parks, trails, and river** – The Public Market will be located adjacent to Burr Jones Field, which is a 5-acre city park. With a large city park adjacent to the Public Market, there will be opportunities for events, festivals, games, concerts, food cart rallies, pop-up markets, etc. that can both bring new activity and energy to Burr Jones Park and contribute to the success of the Public Market.
- **Proximity to the Yahara Riverway** – The Yahara River is just beyond the Park. The Yahara Riverway Corridor has been the subject of a separate City-sponsored planning process. Conceptual plans include the potential of a pedestrian promenade, boathouse, kayak/canoe access point, and plaza areas. This would connect the Public Market to the river and Madison's lake system.
- **Northside Food Corridor** – Stretching North from the Fleet Services site, the Packers/Pennsylvania Avenue corridor is another opportunity for projects and development that complements the Public Market. Largely industrial in character, this area offers opportunities for low cost food storage and processing space to serve businesses and organizations that would benefit from proximity to the public market but would favor lower cost, industrial space. As redevelopment plans for the Oscar Meyer site are developed, opportunities for connections to the Public Market will be explored. Community leaders on Madison's north side have embraced the idea of this part of the City become a Food Innovation Corridor, with more businesses and investments in food-related enterprise. It should be noted that the FEED Kitchens (a shared kitchen incubator) is also in this area.
- **Opportunity to Expand to Fleet Services** - The City plans to vacate the Fleet Services Garage on First Street in 2022. With the Public Market on the adjacent shopping center property, the vacated Fleet Building will create an expansion opportunity. Preliminary concept includes the potential to

convert the Fleet Building into a multi-use food hub with food storage, processing, and distribution.

- **Capstone to the Capitol East District** - The Public Market site is the eastern entry to the City's Capitol East District. This area has been the subject of a multi-year economic development effort. The District extends from Blair Street to First Street along the East Washington Avenue Corridor. The District is in the midst of a dramatic transformation. City projections indicate that the Cap East District will see another 1,200 units of housing, 800,000 square feet of commercial space, and \$300 million in investment over the next 20 years. Creating the Public Market in this growing area will help the Capitol East District continue to blossom, and the Public Market will benefit from the growth and investment in surrounding properties.

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Part 3 Building Program

The Public Market Building Program is the mix of uses that occupies space within the facility. The Public Market consists of the components listed below. The Site Plan in the next section depicts how these components will be laid out on the property.

The Market Hall

The Market Hall is the marquee space at the Public Market. The Market Hall accommodates several uses:

A Place for Art, History, and Civic Story-Telling

The Public Market will include art, exhibit spaces, and opportunities for diverse civic story telling. One idea for an exhibit is to showcase the “*Stony the Road*” project. This project is an effort by a group of local citizen historians who are chronicling the rich history of Madison’s first African American’s who settled on the near east Isthmus. This story interweaves the history of the city, its rich African American history and ever-changing diversity.

The Public Market will include iconic pieces from local artist, and will weave local-design into the furniture, fixtures, and finishes of the space.

- **Permanent Vending Stalls** – The space offers small permanent vending stalls (10’X10’), larger permanent vending stalls (20’X10’ or 20’X20’). These spaces are designed for permanent fresh and prepared food sellers with full utility access. The stalls will be designed for flexibility and the details of the layout will continue to be worked out during the leasing process. Overall, this area consists of approximately 6,000 square feet of leasable space for vendors of various sizes. The City is in regular dialogue with a pool of approximately 140 vendors who have provided detailed information on the type of space they are interested in.
- **Anchor Retail/Restaurant Spaces** - These larger spaces are for more established businesses interested in a larger footprint space at the market. Businesses interested in these spaces include bakeries, butcher shops, a brewery/tap room, local gift shops, a deli, and others. These spaces are 500 to 2,500 square feet. They will function as semi-independent storefronts within the market that have the ability to stay open beyond the Market’s core hours.
- **Flex Space** – Within the Market Hall, the Flex Space will be large, open-span, flexible, indoor space that can be used for temporary vending, special events, indoor farmers markets, craft fairs, banquets, weddings, and other community uses. On a daily basis, the Flex Space will house indoor, temporary stalls that vendors can use for a daily rate. The space will be designed to be easily reconfigured for events. Further, the space could be used

as simply storage, aggregation, and product sorting space. Tenants of the temporary stalls bring their own infrastructure (tables, displays, or Market Management could rent vendors tables at a nominal cost. The City is particularly interested in this area becoming the home for the Dane County Farmers Market winter market.

- **Arts, History, and Interpretive Elements** – The Market Hall provides gallery space for local artists and for civic story telling. Spaces within the hall will feature curated local art or historical exhibits. Other exhibits and interpretive displays telling the story of Madison - its culture, its environment, and, in particular, its food and agricultural traditions – will be programmed as part of the exhibit and interpretive displays at the market. Rotating art installations that build on the successful “Bubbler” project at the Madison Public Library are being explored as part of the project. In addition, given the site’s proximity to the river and location on the isthmus, the Public Market will incorporate information and displays about the importance and health of Madison’s lakes and waterways.
- **Cheese & Dairy Pavilion** – This is a space where visitors can learn about Wisconsin’s dairy industry, connect with Wisconsin Dairy farmers and cheesemakers, and buy Wisconsin dairy products.

FoodWorks

Launched by renowned local chefs Tory Miller and Jonny Hunter, FoodWorks is focused on training workers to meet the growing needs of Madison’s culinary industry. FoodWorks successfully launched with an initial cohort in spring 2017, FoodWorks is working with the Public Market to scale-up the program in the Food Innovation Center space.

The Food Innovation Center

Working with local partners, the Food Innovation Center provides a vital piece of food-based economic development infrastructure for the region. The FIC is a three-story 15,000 square foot space that incorporates a variety of uses, programs, and facilities. The goal of the FIC is to provide infrastructure, services, and programming that contributes to the economic viability and impact of the Public Market and strengthens the region’s food system. The FIC will include programming focused on cultivating a stronger food workforce, connecting people to job opportunities in this industry, linking the region’s farmers to buyers for their products, and connecting products grown and made in Wisconsin to other larger markets in the Midwest including Milwaukee, Chicago, and the Twin Cities. The specific components of the FIC include:

- **Testing and Processing for Food-based Startups** - The Food Innovation Center is a space that regional food startups and small businesses can use to develop products, test idea, prepare food, collaborate with experts, and use equipment.
- **FoodWorks Workforce Training Programs** - The Food Innovation Center will be the home for FoodWorks. FoodWorks is a food-based community organization that uses food's central role in our lives to create stronger community of food-based employees, employers, businesses, farmers, entrepreneurs, and our region's food-loving public. FoodWorks was created through a private-sector collaboration by two of Madison's most well-respected and innovative chefs and food business owners.
- **Institutional Food Processing** - Partnering with REAP Food Group and a variety of local institutional food buyers, the Food Innovation Center provides a facility designed to meet the region's growing need for local food processing that connects with wholesale and institutional food buyers. The Food Innovation Center will include food processing space and facilities to scale-up the local food sector and connect regional farmers to opportunities for value-added production.
- **Collaboration Center** - The Collaboration Center will take advantage of the activity, resources, entrepreneurs, and energy of the Public Market and the Food Innovation Center to support food connections throughout the Madison area. The space features a multi-tenant office space for non-profits and small businesses with relationships in the food, entrepreneurship, and sustainability sectors. This includes leasable small office suites, as well as a shared community conference room, office services, and other common areas. Tenants within the office space, as well as independent teachers, nonprofits, and passionate amateurs, can use the Food Innovation Center facilities to teach night classes for cooking, preservation, gardening, composting, etc.
- **Meeting Room** - The Food Innovation Center includes a community room that can be flexibly scheduled and used for a variety of meetings – neighborhood associations, local non-profit meetings, etc.

Institutional Food: Opportunity for Growth

From hospitals, to schools, to colleges, to corporations, Madison has a large number of local institutions with food service operations. Working with REAP Food Group and other partners, the Food Innovation Center aims to become the missing link in connecting locally-grown products with large institutional buyers.

The City has developed a more detailed feasibility study for the Food Innovation Center which is available on request.

Parking

It's essential for the Public Market to provide parking that is ample, accessible, and affordable (ideally free). The plan will accomplish this.

159 Stalls – Under the Building

20 Stalls – Along Market Lane for quick short term parking

140 Stalls – Surface parking on the Fleet Services and Sewerage District Parking

Based on City standards for commercial buildings and comparable projects in other place, this will be a sufficient supply of parking. The site is also well-served by bicycle infrastructure and on 10 different bus routes.

Privately-Developed Buildings

The Public Market is the anchor within a multi-use public/private redevelopment project. The privately-developed components of the Public Market include 29,000 square feet of additional retail/restaurant space that complements the Public Market. For more established businesses interesting in a larger space than can be provided within the market hall, this privately-developed retail space will offer market-rate commercial space adjacent to the Public Market. Tenants within the Public Market may “graduate” to having their own larger space within the privately-owned and managed commercial buildings on the site. The developers envision market-related tenants such as local restaurants, brewpub, as well as complementary businesses such as a fitness gym or yoga studio. In addition to the ground floor commercial space, the private development components include 20,000 square feet of office space, and 96 apartments. These uses will add activity and customers to the site, and contribute to it being an active place at all hours of the day.

Outdoor Plazas

There are several outdoor plaza areas planned for the Public Market. These spaces provide different experiences and opportunities. The Market Plaza is the marquee outdoor gather place on the site. This plaza will include events, outdoor markets, music, and other activities. Other plaza spaces on the site support other activities. The “ground plane” of the site is designed to encourage people to meander around the project and into the adjacent park. The outdoor spaces will include amenities such as moveable seating and tables, buskers, attractive landscaping, a variety of play features for children, a water feature to play in for warmer months.

Parking

Parking will be provided in several ways. First, a single layer of parking under the building is accessed off of First Street. The under-building parking will provide 103 stalls for the residential tenants and 159 stalls for the Public Market and Commercial Space. There will also be 20-stalls of parking along Market Lane, and 140-stalls of surface parking on city-owned parcel that is currently part of the Fleet Services property and on the property owned by the Madison Metropolitan Sewerage District.

Support Spaces

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

- **Loading** – Vendors have a wide variety of delivery and servicing requirements. A loading area will be provided on the Mifflin Street side of the building to accommodate a variety of truck sizes. The Public Market operators will coordinate loading and deliveries. The priority is providing infrastructure space for loading (indoor and outdoor) that is ample and flexible.
- **Trash and Recycling** - Vendors will be required to separate and bring all waste and recycling items to the centralized handling facility adjacent to the loading area. The recycling area is large enough for a collection system to recycle at a minimum: organic waste (can be composted) cooking oil, fat, plastic, paper and cardboard. Separate bins or containers for each of these commodities will be supplied. Non-recyclable materials will go into an enclosed dumpster with a compactor.
- **Storage** - A centralized cold and dry storage facility is planned within the Food Innovation Center space. While some of the permanent spaces can store product within their leased premises, most of the smaller stalls will require additional storage. The Food Innovation Center and Public Market spaces will be co-programmed to provide storage for vendors. With the Market's flexible design, more storage space can be accommodated if the leasing process reveals a high level of demand for food aggregation and storage.
- **Utilities** - The market has been designed with a flexible utility grid providing electricity, water and gas to permanent tenant spaces. Different types of vendors will have widely varying utility needs. Again, the design is focused on maximizing flexibility.

The following chart is a summary of the building program for the Public Market. This includes all the proposed uses and associated square footages.

MADISON PUBLIC MARKET
Building Program

MARKET HALL	Units	SF/Unit	Basement	1st Floor	2nd Floor	3rd Floor	Total SF
Standard Stalls (10'x10')	16	100		1,600			1,600
Double Stalls (20'x10')	8	200		1,600			1,600
Quad Stalls (20'x20')	5	400		2,000			2,000
Restaurants/Café	1	3,000		3,000			3,000
Retail / Artisan-Scale Production Spaces	3	1,000		3,000			3,000
Retail "Storefront" Spaces	4	500		2,000			2,000
Leasable Subtotal				13,200			13,200
Day Stalls (8'X8")	7	64		448			448
Flex/Event Hall	1	7,500		7,500			7,500
Art and civic exhibit space	1	900		900			900
Dairy showcase	1	900		900			900
Aisles and seating areas	1	4,000		4,000			4,000
Non-leasable subtotal				13,748			13,748
SUBTOTAL (TOTAL ROOM SIZE)				26,932			26,932
FOOD INNOVATION CENTER	Units	SF/Unit	Basement	1st Floor	2nd Floor	3rd Floor	Total SF
Production Kitchen	1	2,000		3000			3,000
Training Kitchen	1	400			2,500		2,500
Shared Community/Conf Room	1	1,200			1,200	300	1,500
Collaboration Center	1	3,000				4,000	4,000
Cold/Dry Storage	1	500		1500	800	200	2,500
Restrooms/Lockers	3	150		250	250	250	750
Mechanical/ Circulation	3	200		250	250	250	750
SUBTOTAL				5,000	5,000	5,000	15,000
ADDITIONAL SPACE	Units	SF/Unit	Basement	1st Floor	2nd Floor	3rd Floor	Total SF
Restrooms				1,000	300	300	1,600
Public Market Admin Offices						400	400
Mech/Elev			1,000	200	200	200	1,600
Aggregation			650	1,000			1,650
Loading/Shipping				1,500			1,500
Storage			2,000	500	600	600	3,700
Trash Room				500			500
SUBTOTAL			3,650	4,700	1,100	1,500	10,950
TOTAL ENCLOSED SPACE			3,650	23,448	6,100	6,500	39,698
Grossing Factor	12%		4,088	26,262	6,832	6,500	44,462



Part 4: Site Plan & Architecture

The site plan and conceptual architectural plan for the Public Market has been completed and approved by the Public Market Development Committee. This design work will continue to evolve and become more detailed as the project moves forward. The design is driven by the Public Market Building Program described previously. The goal of the design is to create a Public Market that is financially viable and that fulfills the overall objectives of the project. With this in mind, there are several key principles and philosophies guiding the design.

Design Principles:

Designing for Equity

The City's Racial Equity and Social Justice Initiative (RESJI) team analyzed the Public Market project. One of the recommendations from this analysis is that the physical space needs to be designed to be equitable, inclusive, and welcoming. The City and its architects have conducted workshops on how to accomplish these goals. Ideas from these workshops have helped shape the site plan, color palette of the building materials, public arts plan, layout of vending stalls, and other aspects of the design

- **Simple, Affordable, and Modest** – Starting with the earliest work of the Local Food Committee in 2012, the City's vision for the Public Market has been for an authentic, grassroots, community-oriented market. The Vision is not to create a high-end market, but rather a “working market” that is accessible to the community and affordable to vendors. The design deliberately avoids excessive adornment, expensive materials, or other design elements that distract from the market's purpose. The building is designed with affordable and durable materials to create a simple building designed to last.
- **The Vendors, Products, and Activity are Main Attraction** – Related to the first item, the Public Market building should have sufficient signage and architectural interest to invite visitors. However, the building is also designed to fade into the background as the products, the vendors, the people, and overall activity of the space form the main event. The heart and soul of the Public Market will be the vendors, the customers, and the ever-changing bustle of the place. The building itself is simply the vessel for this activity.
- **Inclusive and Welcoming** – As discussed in a later section, the City conducted a detailed Equity Analysis of the Public Market as part of the Business Plan. One of the resulting recommendations is that the texture of the physical design of the market is welcoming and inclusive. The City subsequently held workshops and worked with the architecture team on how to achieve equity in the

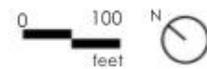
market's design. This process again suggests that the architecture aim for simplicity and modesty.

- **Mix of Indoor/Outdoor Places:** There will be several outdoor plaza areas on the Public Market site. The design encourages blending of indoor and outdoor spaces with large overhead doors and market activity that spills out into the plazas.
- **Flexibility:** One hallmark of Public Markets is that they evolve over time. The design emphasizes flexibility and adaptability to allow for changes to occur.
- **Blurring of Public and Private Realm:** The project includes the Madison Public Market, as well as approximately 20,000 square feet of additional privately-developed ground floor commercial space. The private-developed space is designed to blend with the public market and be filled with complementary market tenants. Though the public and private spaces will be distinct from one another in terms of their operations, to the customer, these areas will blend together into a seamless, multi-use, indoor/outdoor place.

The following images show the current Site Plan and conceptual architectural design.

Site Plan - The site plan has been approved by the Public Market Development Committee. Some detail will continue to evolve but the overall layout and configuration of buildings, parking, plazas, etc. has now been agreed to by the City and the Developers.

Conceptual Architecture - The architectural imagery illustrates conceptual massing and early ideas for the materials and presentation of the buildings. These concepts are an initial effort to capture the design principles described above. The designs will continue to evolve as the project moves forward. The project is currently finalizing schematic phase of architecture. Over the next several months, the project will move into Design/Development and Construction Documents.



MADISON PUBLIC MARKET

SITE CONTEXT PLAN
6 JULY 2017

GRAHAM BABA ARCHITECTS





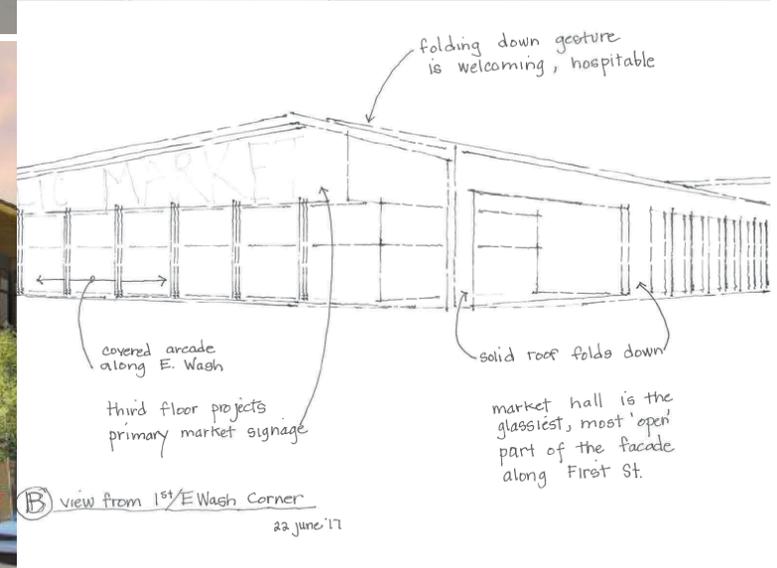
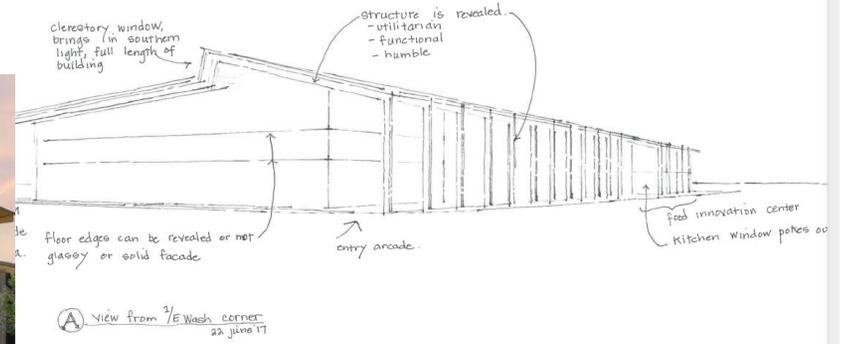
MADISON PUBLIC MARKET

SITE DETAIL PLAN
 6 JULY 2017

GRAHAM BABA ARCHITECTS



Architectural Concept Images





Part 5: Capital Sources & Uses

The Public Market project consists of several components – the Public Market, the Food Innovation Center, the privately developed commercial and residential buildings, and the outdoor elements.

Total Project Cost

In terms of total building area, the project will include:

- 35,000 square foot market hall,
- 15,000 square foot Food Innovation Center
- 20,000 square feet of privately-developed retail space
- 20,000 square feet of privately-developed office space,
- 96 apartments
- Parking
- Plazas
- Support Spaces

The total anticipated project cost (public and private) is \$43 million. Within this, the Public Market building is a \$14 million project. These costs are based on estimates provided by the City's Public Market architects and the developer's architect and construction contractor. The following is a summary of the distribution of these costs

Total Project Capital Costs

Public Market Project

Public Market & Food Innovation Center Construction	\$11,000,000
Tenant Improvements and Equipment	\$1,500,000
Contribution to Plazas and Parking	\$1,000,000
Startup Costs	\$300,000
Soft Costs	\$200,000
TOTAL PUBLIC INVESTMENT	\$14,000,000

Private Development

Retail/Office Building	\$7,000,000
Retail/Residential Building	\$13,600,000
Site Work	\$3,000,000
Contribution to Plazas and Parking	\$4,500,000
Soft Costs	\$1,200,000
TOTAL PRIVATE INVESTMENT	\$29,300,000
TOTAL PUBLIC AND PRIVATE	\$43,300,000

Funding Sources

As described above, the Madison Public Market will be a \$14 million project within a larger \$43 million redevelopment. There are four main sources of capital the City will use:

City Budget – The Public Market has been identified within the City of Madison Capital Budget for several years. The City has already budgeted and begun spending from a \$800,000 fund that was authorized for the project. The current City Capital budget allocated an additional \$1.2 million in 2017 to finalize design and an \$11.8 million in the 2018 Capital Improvements Program for construction. The budget includes language stating that the City

will contribute a portion of the capital funds and that the City will pursue other outside sources as well.

Non-City Sources of Funds:

- **Fundraising Campaign** – The Madison Public Market Foundation has launched a campaign to raise \$5 million for the project. Raising funds from the community to support the Public Market is vital to the Public Market becoming a reality. Working with Amanda White Consulting, the City has completed a feasibility study to test whether this level of community support is possible. Based on initial conversations, this level of campaign is feasible. The Public Market Foundation has a campaign plan for the project and has initiated numerous conversations with key community leaders to discuss investments in the project.
- **New Markets Tax Credits** - The Public Market site is within a Census Tract that meets the federal criteria to utilize New Markets Tax Credits. This federal program allocates tax credits to Community Development Entities, which are used to incentivize investment in qualified projects that have positive community impacts. Based on the structure of the program, the Madison Public Market will receive equity through the tax credit program of \$2 to \$3 million.
- **State and Federal Grants** – The City is pursuing state and federal grant funding for the Public Market. The City is looking into specific grant opportunities through the U.S. Economic Development Administration and the Wisconsin Economic Development Corporation (WEDC). As the project gets closer to opening, the City may also pursue programing funds through the U.S. Department of Agriculture or the State Department of Agriculture, Trade, and Consumer Protection. The City will continue to monitor opportunities. Political uncertainty in Washington may impact any federal grant or tax credit opportunities. The City estimates being able to attract \$1-\$2.5 million in grant support for the project.

Estimated Public Market Funding Sources¹

City of Madison	\$6 million
New Markets Tax Credits Equity	\$3 million
State/Federal Grants	\$2 million
Fundraising Campaign	\$3 million
Total project cost	\$14 million

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¹ These are estimates based on the strategy to raise capital for the project. The City is confident that the Public Market is well-positioned for these sources of funds. However, they are all subject to uncertainty.



Part 6: Governance

The Public Market requires an adept and flexible governance structure that is focused on financial viability, while also safeguarding the unique public mission of the project. The City of Madison will maintain ownership of the building and an independent non-profit organization will manage and operate the facility. The non-profit operator will be governed by a Board of Directors and run by an Executive Director and professional staff.

The groundwork for the operating non-profit has already been laid with the establishment of the Public Market Foundation. The Foundation's initial role is fundraising. As the plans for the project continue to move forward, the Foundation's role will transition toward operations and it will become the Public Market Operator (PMO).

The following describes the roles of key organizations in the governance and operations of the Public Market:

City of Madison Role

As the process of developing the Public Market moves forward, the City will continue in a leadership role, spearheading the project's funding, design, development, and construction. The City's Public Market Development Committee (PMDC) will continue to serve as the public body that is providing leadership and oversight of the project. All final decisions on the project's budget and development will continue to work through the City's public processes.

From a funding perspective, the City is the lead capital contributor to the project and will continue to pursue state and federal grant support. The City's Economic Development Division Staff will continue to staff the PMDC and manage the project, with support from other departments and divisions. Once the Public Market opens and the non-profit takes over management and operations, the City will continue to be involved as a member of the Board of Directors and will exercise oversight as the owner of the property. The PMDC will likely dissolve once the Public Market is constructed. Members of the PMDC could transition to serve on the Board of the Public Market Foundation.

Madison Public Market Foundation Role

The Madison Public Market Foundation was launched in spring 2017. It has incorporation documents, an initial founding Board of

Directors, a fiscal sponsor to provide for tax deductible donations, and an initial website. The founding Board Members are Mayra Medrano, Anne Reynolds, and Larry Palm. The Foundation has also signed a contract with a fundraising and outreach consultant (Amanda White Consulting) who will staff the Foundation during its formative period and coordinate the fundraising campaign.

The initial focus of the Public Market Foundation is leading the capital campaign to raise funds from the community. As the project gets closer to ground breaking, the Foundation's role will expand toward operations. The Foundation will hire its first full time Executive Director in 2018 and will hire a full staff for the Public Market in 2019.

Private Developer's Role

The Developers will play a key role in the project by partnering with the City to build the development and to own and operate the private components of the Public Market campus. As described previously, the developers and the City will codify a partnership through the development agreement. Once the project is constructed, the developers will work closely with the Public Market Foundation on the marketing, leasing, maintenance, parking controls, and other operational aspects of the overall project.

Key Agreements

The governance of the Public Market involves the City of Madison, a non-profit operator, and private developer. Given this, there are three critical agreements that will be crucial to establishing strong partnerships necessary to implement the project and operator the Market:

- 1) Development Agreement (City and Developers)
- 2) Operating Agreement (City and Foundation)
- 3) Partnership Agreement (Foundation and Developers)

Each of these is described below:

Agreement #1: Development Agreement (City and Developers)

The Public Market project is being built on a property that is currently privately-owned and the Public Market will be built as part of a public/private partnership. A detailed development agreement will create the groundwork for this partnership.

Agreement #2: Operating Agreement (City and Foundation)

The City of Madison is leading the effort to fund and construct the Public Market. As a major public investment, the City will retain ownership of the facility. The Public Market Foundation will be the operator of the facility, handling things like leasing, marketing, maintenance, programming, etc. The Operating Agreement between the City of Madison and the Public Market Foundation will establish the terms and process for how the City will transfer operational responsibilities of the Public Market to the Public Market Foundation.

Agreement #3: Partnership Agreement (Foundation and Developers)

Once constructed, the project will include the public market and surrounding private development. The project will be tied together with shared plazas and parking areas. The Public Market Foundation and the developer will create a partnership agreement to establish guidelines for how these two entities will work together in the management of the Public Market campus.

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Part 7 Vendors

What are the rules for vendors? Will everything be local?

The Public Market Operator will establish specific criteria for vendor selection. The goal will be to fill the Public Market with local entrepreneurs and farmers who grow or make their products. That said, the operators will maintain flexibility and adaptability. They will strive to select vendors that are consistent with the spirit and mission of the market. The objective is to encourage entrepreneurship and strengthen our food system, not necessarily to follow strict rules. For example, an entrepreneur may want to have a smoothie stand in the Public Market. The operators of the market might be comfortable with him using tropical fruit as an ingredient even though it isn't grown in Wisconsin. However, they may also work with that vendor to connect with a local dairy who could supply locally-made yogurt.

Vendors are the heart of the Public Market. More than anything else, the process of recruiting and selecting vendors will determine the character and success of the Public Market. Over the last four years, the City has led a thorough and deliberate process of identifying and cultivating potential vendors. This process included several vendor surveys, focus groups with different types of vendors, and one-on-one outreach.

There are currently approximately 140 vendors who have completed the City's Vendor Interest Questionnaire. This pool represents a wide range of product types and levels of experience. Some are well-established local businesses interested in the public market as a new location to grow their enterprise, others are startup entrepreneurs with nothing more than a rough concept for a public market business. Several prospective vendors are interested in larger space for a restaurant, bakery, larger retail space, or some type of food production facility.

The Public Market Operator will ultimately manage the process of recruiting and selecting vendors. Drawing from the 140 businesses who have completed the vendor interest questionnaire and others, the PMO will work to achieve an appropriate mix and balance of vendors that results in a dynamic and diverse public market.

The criteria used to select vendors will include:

- **Products** – Is the product interesting, unique, and contributory to the appeal of the market?
- **Equity Goals** – Does the vendor and products contribute to the project's equity goal of being a place for inclusive and diverse entrepreneurship?
- **Price** – Does the vendor price items competitively and accessibly?
- **Personality** – vendors, and their employees, must enjoy people and be upbeat and courteous.
- **Reputation** – does this vendor have a positive standing in their community and will their presence in the market help to build the customer base and garner publicity?
- **Service** – does the vendor understand how to present himself or herself and treat people attentively?
- **Knowledge** – does the vendor have a deep understanding of their products and can they credibly answer customers' questions?

The MarketReady Program

MarketReady is a training, coaching, and small grant program focused on developing public market vendors. 83 applicants have applied to the program. The program will be implemented over the next two years. The MarketReady program is focused on creating and supporting diverse entrepreneurship.

MarketReady Applicants:

- 59%** Female
- 29%** immigrants
- 62%** people of color

- **Commitment** – is the vendor willing to do what it takes to make their business succeed?
- **Presentation** - what sort of merchandising techniques will the business utilize?
- **Innovation** – will the vendor provide customers with updated products and merchandising?
- **Competitive Strength** – does the vendor have an understanding of their competition and how they will be able to achieve and gain market share?
- **Business Plan** – how much are they willing to invest and what are their sales projections?
- **Local and Authentic** – is the product grown or made in the Madison region and using local ingredients?

MarketReady Program

The City has launched the MarketReady Program to support the development of Public Market vendors and contribute to the Public Market's Mission of being a place that creates opportunities for diverse entrepreneurship among diverse populations.

The City has seeded the program with \$250,000 in funding and is working with FEED Kitchens, WWBIC, and Dane County Extension to implement the program. The program will include training and technical assistance focused on topics potential public market businesses will face such as, preparing a business plan, getting required licenses or permits, preparing a marketing plan, purchasing supplies, etc.

The team will select 30 entrepreneurs to participate in the training program. From this initial cohort, 15 will be selected to receive a small stipend for startup costs for the business. From this 15-person group, 5 vendors will be selected to receive a larger capital grant to start their business and a guaranteed space within the Public Market.

Space Arrangements and Stall Design

Selected Public Market Vendors will work with the PMO on the size, design, and location of their space within the Market. The PMO will work with the architecture team on the overall layout and on the creation of Tenant Design Criteria to guide the physical design of individual market stalls and storefronts.

The interior of the Market Hall will include some vending stalls and storefronts that are pre-designed and move-in ready for vendors.

These spaces will need signage and a few custom finishes installed by the vendors. Other vendors may receive a tenant improvement budget from the PMO to design and install their own customized space. These custom spaces will be guided by Tenant Design Criteria guidelines created by the PMO and the project's architects.

Leasing

The leasing of space in the Public Market will be a critical task of the PMO. The mix of merchandise and types of vendors will define the Market more than anything else.

The first steps with leasing are to prepare some materials such as a brochure, market map showing stall locations and to be able to answer potential tenants questions about costs, timing and other logistics. These marketing materials can be used to guide follow up conversations with the 140 vendors who have completed the Vendor Interest Questionnaire.

The next step will be to prepare the framework of a lease document. Each vendor in the Public Market will be unique and each lease will likely be a little different. The PMO staff will work one-on-one with each vendor to finalize and execute leases.

Lease Components:

The PMO will work with outside legal support and a commercial broker to prepare leases for vendors. Some of the considerations that should be part of the leasing process include:

- *Rates* – rental costs for all spaces
- *Terms* – length of leases offered to tenants
- *Tenant Design Criteria* – a process of submitting the design of a stall for review and approval
- *Tenant Improvement Dollars* –Each tenant will be given a location in the market. This location may be a move-in-ready stall or a raw space. Depending on what type of space a vendor is renting, the PMO will negotiate providing tenant improvement dollars to the vendor to outfit their space.
- *Hours/Days/Seasons* - The market has been designed so it can be open for different uses at different times. The initial strategy is to have core hours for all market tenants with an option for longer hours in certain areas as illustrated in the market drawings. The lease should establish the required hours for each vendor to be open.



Part 8: Entrepreneur Pipeline & Programs

One of the goals of the Public Market is to support startup and early stage businesses, provide them an opportunity to develop their concept and expose them to customers, and ultimately enable them to grow out of the Public Market and into larger space or other formats. Not every public market vendor will follow this trajectory - some vendors may stay in the Public Market for decades, becoming cherished destinations that anchor the facility. But others will use the Public Market as a springboard to grow their business beyond the Public Market. This opportunity for the Public Market to be a launch pad that accelerates high-growth businesses out of the Public Market can have a large economic development impact – creating jobs and tax base as these businesses mature into larger companies. Having businesses “graduate” from the Public Market also brings turnover that adds freshness and excitement to the market.

From an economic development perspective, one role the Public Market can play is to maintain a core group of successful vendors who can sustain a family-supporting business at the Public Market. Some vendors will become permanent fixtures at the Public Market for generations. These vendors will give the market a sense of permanence, familiarity and tradition. Another economic development objective is for the Public Market to be a place where other businesses can test a concept, get traction with their product, scale-up, and eventually mature out. This process of startup, growth, and maturity at the Public Market, creating turnover in the space and accelerating the growth of businesses in this sector amplifies the economic power of the project.

For example, a vendor at the Public Market who makes and sells a unique value-added food product could have a space at the Public Market and create a customer base. Over time, their product could grow a regional and possibly national following. As the product gets larger orders and shelf space in national groceries, they may need to scale up to the point where they need a manufacturing facility that they build or lease space within one of Madison’s industrial areas. Another vendor who is a budding chef who offers a unique menu of prepared foods at the Public Market might eventually grow to have multiple restaurants in Madison, and eventually open restaurants in other cities.

The intent will be for the Public Market to be accessible to multiple different types of vendors and facilitate opportunities for businesses to scale up. For some, this may simply mean taking on a larger space at the market and becoming one of the anchor draws of the facility. For others, it may mean moving out of the market entirely. As with any enterprise, some entrepreneurs may discover that their business concept simply is not viable. The Public Market can be a place to follow the mantra of technology entrepreneurship and “fail fast/fail cheap” to avoid the personal financial damage that often accompanies owning an unsuccessful business.

The process of vendors coming in to the Public Market, developing a business, testing their concept, scaling up, and eventually maturing as local companies fundamentally consists of two areas of focus:

The Front-End: Vendor Cultivation and Support

On the front-end of the process, the City and the PMO will continue to work with individual entrepreneurs and partner with local resources to help businesses start within the Public Market. The “MarketReady Program” is currently the primary vehicle for vendor development and support. As described previously, the program will select 30 early-stage entrepreneurs interested in being in the Public Market. These individuals will go through a custom business training program. At the end of the training, they will be eligible to compete for startup capital. The MarketReady Program is in its pilot year with its first cohort of participants. The City and the PMO intend to institutionalize the MarketReady Program as a core function of the Public Market. In addition, as the Public Market comes online, the City and the PMO will layer on additional programs and services focused on supporting startups at the Public Market.

The Back-end: Scale-up and Mature-Out

Having a strong front-end process to cultivate startup vendors and help them launch their businesses is an important economic development function of the Public Market. Equally important is to create systems and processes that help Public Market businesses scale and ultimately move on to new types of space.

Business support at the Public Market will go beyond providing resources to help entrepreneurs get started. The City and PMO will facilitate programming, support, and connections focused on

businesses moving beyond their startup phase, scaling-up, and maturing. Working with partners in the community, the Public Market Operator will connect public market businesses with high-growth potential to resources to provide them with capital and access to markets.

Public Market Business Acceleration Strategies:

The PMO will deploy several strategies to achieve this combination of a strong front-end process that brings a pipeline of startup businesses into the Public Market as well as a strong back-end process that helps businesses mature-out.

- 1) **Coordinated Life-Cycle of Business Services** – The Public Market will provide a package of ongoing business services for vendors. This starts with the MarketReady Program and other efforts focus squarely on finding, developing, and supporting talented and committed entrepreneurs with a dream of starting a business. Going beyond the startup phase, the Public Market will build in programming to support businesses as they face the challenges of growth – things like hiring their first employees, developing their brand for national audiences, finding contract manufacturers, dealing with logistics challenges, dealing with expanded regulatory challenges, etc. Working with local financial institutions and organizations, the Public Market will also connect businesses with capital to help them accelerate their growth. This includes things like support with negotiating the receiving end of a buyout. To provide this coordinated package of life-cycle services to businesses, the City and the PMO will work with a variety of local partners including the WWBIC, the UW Small Business Development Center, the UW Law and Entrepreneurship Clinic, StartingBlock Madison, Madison Development Corporation, and others.
- 2) **Three Year Leases** – As stated previously, the Public Market will hopefully have several long-standing businesses that become treasured anchors of the facility for decades. However, it will be the policy of the PMO to limit leases in the Public Market to three years. All initial leases and extensions will require the approval of the PMO Board. This will be a tool for the PMO to maintain oversight and control over the mix and balance of vendors, to maintain anchors, and to encourage turnover.

- 3) **Annual Consultation** – In addition to renewing leases every three years, every business in the Public Market will be required to have an annual consultation with the Market's Management. This will be an opportunity for the vendor and the management to check-in, discuss how the business is performing, and talk about the long term plans of the business owners. For some, these conversations may lead to the PMO supporting the businesses next phase, which may involve exiting the market to move into new space. This will be an opportunity for the PMO to facilitate connections between the business and other resources and opportunities.
- 4) **Open Books** – Vendors at the Public Market will be required to share their financials with the Public Market Management. As described previously, a portion of rents will be determined by a percentage of sales so the management will automatically be getting sales data on a regular basis. In addition, vendors will share all financial information with the PMO and the PMO will facilitate connections to outside professionals who can review this information and provide feedback and guidance to the businesses.
- 5) **Internal Mentoring** – internal peer-to-peer mentoring by vendors often happens organically at Public Markets. As businesses sharing space within a facility, business owners will naturally share ideas, learn from each other, see what might be working at one market stall and adopt a similar strategy. The Public Market will strive to not only allow this to happen naturally, but to facilitate mentoring relationships between well-established vendors and startups.
- 6) **Connections to Post-Public Market Opportunities** – The Public Market Operators, and its partner organizations, will serve as a conduit to information and resources that can help vendors make their next move. To build this into their operation, the PMO will do things like:
 - Host information sessions with commercial brokers to talk with vendors who may be considering a next move and share information about the commercial real estate market, track potential space, study rents, etc.

- Host information sessions with lenders to talk to vendors about how to finance and manage growth
- Host food industry trade shows and events to facilitate connections to national buyers
- Provide resources with relevant municipal information related to opportunities for growth, expansion, diversification of a food business – things like zoning, public health, alcohol, and street vending rules and regulations.

The Public Market is different from a traditional business incubator or accelerator. However, if successful, it will be an important platform that incubates startup businesses in the community and it will be a place that accelerates businesses to higher levels of success. The Public Market will not have an explicit Policy limiting the duration of time a vendor can stay. Indeed, the hope is that some vendors will become permanent fixtures at the Public Market that anchor the facility for decades. However, the Public Market Operator will emphasize helping vendors grow their businesses and help connect them with the next opportunity.

Some businesses will open at the Public Market and operate family-supporting businesses that stay there for generations, while other businesses will use the Public Market as a springboard to new opportunities. This function of the Public Market exponentially amplifies the economic impact of the project. Rather than the economic development benefits of the market being confined within the building itself, the Public Market will ultimately be a process that creates a pipeline of experienced businesses that fill empty storefront retail spaces, start restaurants, create new food carts, occupy industrial parks, and create jobs and tax base across Madison.



Part 9: Operations

Market Operating Hours

The overall flexibility of the Market and its different types of vending opportunities will allow the Market to establish operating hours that are also flexible. The design will allow for different vendors to have varying operating hours. Certain vendors and certain areas of the Market may be open at different times of day and days of the week. These details will be worked out by the Market Management and through the leasing process. The schedule will be clearly communicated to the public. For the purpose of the pro forma, it is assumed the Market will be open seven days a week.

Pro Forma

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

This pro forma shows rent and expense levels that will enable the Market to break even operationally by year four. The cumulative operating losses for the first few years are included in the start-up costs and should be factored into the capital costs to develop the Market.

Income Sources:

In terms of generating income, the goal of the Public Market is to achieve a “break-even” point where incomes cover operations costs. It may take a few years to achieve this break-even, so the capital budget includes operating capital to cover losses during the first three to five years. The City, the PMDC, and the City's Public Market consultants are confident that the Market can be financially viable in the long run. A key factor to achieving this is that the Public Market will not have a debt service payment on its

capital. As described previously, the project's "capital stack" will come from the City, state/federal grants and tax credits, and donations. This will allow the Market to operate debt-free with no debt services payment.

Vendor Rents

The majority of the Market's income will come from rents charged to tenants. The ability of vendors to pay rent will be driven by sales. As such, the core essential ingredient to the success of the Public Market is that it generates sufficient and consistent sales for the businesses in the space.

Rent structure for the Public Market will be somewhat different from a traditional retail space. Within the Public Market, vendors will just rent their individual spaces and will not pay for aisles, bathrooms, service areas, entrance vestibules, etc. Because of this, each vendor will rent a relatively small space, but the rent per square foot will be relatively high.

Rents will also vary by vendor type. Some tenants will be able to pay more and some less. In general, rent rates are higher for tenants who sell more prepared foods, which have a higher sales margin. Tenants who only sell fresh foods will likely pay a lower rent. Other tenants may be hybrids, with some prepared foods and some fresh foods.

The Public Market will use a hybrid rent structure that includes a base rent per square foot, a base Common Area Maintenance (CAM) charge per square foot, and a percentage of sales. The Base rent is to provide a somewhat stable source of revenue for the operating entity, the CAM will vary year-to-year and cover various operating and marketing costs, and the percentage rents will create a mechanism to ensure that rents are somewhat related to sales and therefore proportional to each vendors ability to pay.

Rent Starting Point ("10-10-5" Benchmark)

The PMO will work with each vendor to negotiate leases. The rent structure will need to be sensitive to the differing sales volumes of different types of vendors, while also ensuring that the facility earn sufficient revenue. As with any commercial leasing process, the operator will need to negotiate specific terms that are unique to each individual business. The terms, conditions, timeframes, improvements stipend, rents, and other factors will vary from one lease to another.

Hybrid Rent Structure ("10-10-5")

As the project gets closer to construction, The Public Market operator will negotiate leases with each individual vendor and each one will be different.

The overall structure will be a hybrid of a base rent per square foot of occupied space, a Common Area Maintenance fee, plus a percentage of sales.

As a starting point, the Public Market will establish a benchmark of 10/10/5.

Base Rent: \$10/SF
CAM: \$10/SF
% of Sales: 5%

How this Rent Structure Will Work for Vendors:

As noted, each vendor will negotiate its own lease with the PMO. The “10-10-5” benchmark is simply a starting point for those discussions.

Based on the previous version of the business plan, analysis of commercial real estate in Madison, and ongoing and detailed conversations with potential vendors, the “10-10-5” benchmark is a viable starting point for developing rent estimates for the project proforma.

The following chart examines how this rent structure impacts three different types of Public Market Businesses.

Gross Leasable Area (GLA)

The final floor plan of the Public Market is still being designed. The precise number and size of vendor stalls is still being determined. The current configuration includes 39 individual vendor stalls ranging in size from 100 Square Feet (a 10'X10' stall) to 3,000 square feet. The total anticipated Gross Leasable Area (GLA) of stalls is approximately 12,000 square feet.

Business	Large Bakery	Mid-Sized Butcher Shop	Small Produce Vendor
Description ²	Large bakery with production facility in back and retail storefront in front	Butcher shop with a large counter offering a wide range of locally sourced meats	Small vendor selling locally-grown produce or food product from a small market stall
Square Feet of Leased Space ³	2,000	500	100
Annual Sales PSF ⁴	\$400	\$600	\$750
Total Annual Sales	\$800,000	\$300,000	\$75,000
Average Daily Sales ⁵	\$3,077	\$1,154	\$288
Base Rent (\$10 PSF)	\$20,000	\$5,000	\$1,000
CAM (\$10 PSF)	\$20,000	\$5,000	\$1,000
Percentage Rent (5%)	\$40,000	\$15,000	\$3,750
Total Rent	\$80,000	\$25,000	\$5,750
Total Rent as % of Sales	10%	8%	8%
Effective rent PSF ⁶	\$40	\$50	\$57.5

² These are all representative of businesses who are among the 140 that have completed the project's vendor interest questionnaire

³ This conservatively reflects size of space vendors are seeking

⁴ This is a conservative estimate based on comparable sales volumes for retail space, loosely based on Urban Land Interest's "Dollars and Sense of Retail Trade Report"

⁵ Based on 260 operating days per year

⁶ These are the effective rents/SF each vendor will pay. These rates are well-above market commercial rents psf. However, vendors will be leasing small areas, not including aisles, bathrooms, storage areas, etc. So, the rent PSF of leased space is naturally higher than other types of retail

Food Innovation Center Users

The Food Innovation Center will function as a component of the Public Market, but also a project onto itself. The details of the Food Innovation Center can be reviewed in the separately-prepared feasibility study for the project.

The Food Innovation Center will provide some operating revenue to the overall facility. The FIC will include the production kitchen space, workforce training facilities, a community room, and the "Collaboration Center" shared office space on the top floor. Revenues from the FIC will come from these sources:

Production Kitchen Users

- **Public Market Businesses** – One primary users of the production kitchen space will be vendors at the Madison Public Market. These businesses will have an option to pay an add-on annual fee that will give them access to a certain number of hours within the Production Kitchen and access to storage and cooler space. This fee will vary based on level of usage. Public Market Vendors will have the option of paying a flat \$25 per month fee for access to use the FIC space, plus an additional \$12/hour. Based on the City's surveys and interviews of potential public market vendors, the City anticipates that 20 Public Market vendors will utilize the Production Kitchen space. This will result in \$63,000 in annual revenue to the facility at stabilization.
- **Other Businesses** – The City anticipates that approximately 15 additional businesses will use the Production Kitchen Space. These businesses will pay a slightly higher rate to use the facility, because they are not already Public Market tenants. The City anticipates charging a flat fee of \$100 per month to these businesses for access to the space plus \$25 per hour for time using the facility. These business will likely use the facility an average of 20 hour per month.

Training Kitchen Users

- **FoodWorks Training Programs** – Foodworks will operate its 1st Course and Academy training programs at the Food Innovation Center. FoodWorks expects that this will be continuously run operation with six yearly cohorts in the eight-week 1st Course Program and one class per year in the FoodWorks Academy.

- **Institutional Food Processing** – As described above, one of the functions of the FIC will be to serve the growing demand for fresh local produce at large corporate, healthcare, and educational institutions. Partnering with organizations such as REAP Food Group, the Food Innovation Center will work with the institutional food buyers and make connections to farmers providing the produce.

Community Room Users

- **Community Meetings/Workshops** - The community room is a 1,000 square foot space available for classes, trainings, meetings, and other events. The room will likely serve a variety of internal uses at the Food Innovation Center and will be available to the public and to businesses to rent for events. Based on other facilities in the area, the anticipated rate for paying outside uses is \$125 per hour, \$250 for a half day, and \$500 for a full day. The city anticipates approximately 50 annual one hour events, 10 annual half-day uses, and 10 annual full day uses resulting in total revenue of \$13,750.

Collaboration Center Tenants

- **Tenant Rents** – The Collaboration Center is a small, multi-tenant office space targeted toward non-profits and businesses with a mission or business focus that relates to the Food Innovation Center. The space provides four 1,000 square foot suites and 1,000 square feet of shared facilities (copy room, reception, restrooms, break room). To recruit tenants that fit the mission of the space, the space offers rent of \$18 per square foot and flexible lease terms. When fully leased, the space will generate \$72,000 in revenue.

Event/Meeting Rents

The Public Market has multiple spaces suitable for events and meetings, with opportunities to provide additional revenue to the Market. Likely events include winter farmers markets, pop-up markets, holiday markets, maker fairs, craft markets, etc. In addition, the Public Market will become a home for banquets, weddings, and other community events. The management of the Public Market will oversee marketing and management of the Public Market space for events.

Outdoor Rents

Outdoor markets and events can include farmers markets, flea markets, food cart rodeos, craft markets, specialty markets and events.

Summary of Income Sources

Permanent Tenant Rents

15ct 100 SF Permanent Stalls	\$46,000
8ct 200 SF Stalls	\$48,000
8ct 250 SF Stalls	\$61,440
4ct 500 SF Storefronts	\$60,000
3ct 1,000 SF of Retail / Café / Production Spaces	\$90,000
1ct 3,000 SF of Restaurant	\$90,000
Total Rent	\$395,520

Food Innovation Center

Fees for Production Kitchen	\$80,000
Fees for Training Kitchen	\$35,000
Community Room Users	\$13,750
Collaboration Center Rent PSF	\$18
Collaboration Center GLA	4,000
Collaboration Center Users	\$72,000
Total Food Innovation Center Income	\$194,000

Events and Day Stalls

Day Stalls	5
Price per day per stall	\$50
Day Stall Users Per Year (60% use, 250 days per year)	750
Day Stall Income	\$37,500
Paid Events Per Year	150
Average income per event	\$300
Event Income	\$45,000
Event and Day Stall Income	\$82,500
Total Income at Stabilization (not factoring in vacancy)	\$672,020

Expenses

As stated previously, the Public Market's goal is to break even, with operating revenues sufficient to cover operating expenses (including building-in a capital reserve fund). These explanatory notes correspond with the expense line items on the pro forma.

Personnel

The Public Market Foundation will hire its Executive Director in 2018. As the market opening gets closer, the Foundation will staff up with additional personnel needed to run the facility. The staff will consist of the following:

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

Food Innovation Center Manager – This person will be responsible for the management and operations of the Food Innovation Center. Her/his work will include coordinating users and events in the space, marketing and development partnerships, collecting fees, and managing the overall schedule

Marketing, Public Relations, and Events Coordinator (1/2 FTE) – This half-time position will oversee the Market's promotions, programming and outreach efforts. This position will plan and manage all events and meeting rentals and will take the lead with public relations and advertising. This person would also be the contact for any future or ongoing fundraising.

Market Operations Manager - The Market Operations Manager will oversee the physical plant of the facility and much of the day-to-day operations of the market including scheduling deliveries, managing set-up by vendors, overseeing maintenance contracts, handling utilities, and coordinating events.

Maintenance - This position reports to the Operations Manager and is responsible for building maintenance. This position is supported by maintenance contracts.

Clerical (1/2 FTE) – This position has responsibility for running the office and handling all billings/receivables. S/he will assist the Executive Director with budgets, forecasts and reports.

Non-personnel Costs

Advertising- This limited advertising budget will cover costs for social media, print, and possibly some radio/television advertising. The Public Market should focus on grassroots marketing efforts through social media channels, word-of-mouth, relationships with media, and volunteer efforts.

Office/Legal/Professional Services - These are normal expenses to run the office and would include phone, Internet, office supplies, and other standard costs. This line item may vary year to year. The Board of Directors may receive pro bono assistance.

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

Fees/Permits - This is for local, state and federal permits. As a city facility, some local permits could potentially be waived.

Net Utilities – The Market management will work with tenants on a utilities plan. Some tenants will be metered and billed for individual usage while others will pay a surcharge on their rent for the building's utilities,

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

Maintenance and Repair - The building will be new when the Market opens. This item will cover routine repairs and maintenance

Supplies - This line item is for cleaning supplies, bathroom items, trashcans, and other janitorial needs.

Capital Reserves – The Public Market will build a capital reserve fund into its operations. This fund will build over time to cover the costs of long term needed capital improvements.

Summary of Expenses	
Personnel	
Executive Director	\$80,000
Operations Manager	\$65,000
Marketing Coordinator (.5 FTE)	\$30,000
Food Innovation Center Manager	\$65,000
Clerical (.5 FTE)	\$25,000
Maintenance	\$50,000
Fringe Benefits (25%)	\$70,000
Personnel Subtotal	\$385,000
Non-Personnel	
Advertising/Events	\$50,000
Professional Services	\$20,000
Insurance	\$25,000
Fees/Permits	\$4,000
Net Utilities	\$50,000
Garbage	\$40,000
Maintenance Contracts	\$60,000
Capital Reserve	\$10,000
Supplies	\$15,000
Non-Personnel Subtotal	\$274,000
Total Expenses	\$624,000

MADISON PUBLIC MARKET					
PRO FORMA					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME					
Permanent Leased Space					
Total GLA	13,184	13,184	13,184	13,184	13,184
Effective Rent PSF	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35
Vacancy	35%	25%	20%	15%	15%
Rent Subtotal	\$ 299,936	\$ 346,080	\$ 369,152	\$ 392,224	\$ 392,224
Events					
Day Stall income	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500
Paid Events Per Year	50	75	150	150	150
Average income per event	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400
Events Subtotal	\$ 57,500	\$ 67,500	\$ 97,500	\$ 97,500	\$ 97,500
Food Innovation Center					
Fees for Production Kitchen	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Fees for Training Kitchen	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Community Room Users	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Collaboration Center Users	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000
Vacancy Factor	35%	25%	20%	15%	12%
FIC Income Subtotal	\$ 126,100	\$ 145,500	\$ 155,200	\$ 164,900	\$ 170,720
TOTAL INCOME	\$483,536	\$559,080	\$621,852	\$654,624	\$660,444
EXPENSES					
Personnel					
Executive Director	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Operations Manager	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Marketing Coordinator (.5 FTE)	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Food Innovation Center Manager	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Clerical (.5 FTE)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Maintenance	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Fringe Benefits (25%)	\$ 77,500	\$ 77,500	\$ 77,500	\$ 77,500	\$ 77,500
Personnel Subtotal	\$ 387,500	\$ 387,500	\$ 387,500	\$ 387,500	\$ 387,500
Non-Personnel					
Advertising/Events	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Professional Services	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Insurance	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Fees/Permits	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Net Utilities	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Garbage	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Maintenance Contracts	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000
Capital Reserve	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Supplies	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Non-Personnel Subtotal	\$ 266,000	\$ 266,000	\$ 266,000	\$ 266,000	\$ 266,000
Total Expenses	\$ 653,500	\$ 653,500	\$ 653,500	\$ 653,500	\$ 653,500
Net Operating Income (NOI)	\$ (169,964)	\$ (94,420)	\$ (31,648)	\$ 1,124	\$ 6,944



Part 10: Market Analysis and Marketing Strategy

Market Analysis and Marketing Strategies

The Madison Public Market promises to be a colorful, bustling marketplace that will become one of Madison's most treasured public spaces. Over the last five years, the City has done extensive analysis of the project's market potential. This includes a variety of surveys, focus groups, resident panels, and other forms of engagement and analysis. The City also engaged with a variety of food system experts, food businesses, and other stakeholders to study the potential of the public market and gain insights into strategies to position the project to be successful.

Market Analysis Highlights:

Below are a few key findings from the City's Vendor Surveys, Community Surveys, Site Analysis, Gravity Model, and other research methods.

- **There is a history and strong base of food-related employment in Madison.** About 32,000 people in Dane County are employed in food-related businesses including agricultural businesses, manufacturing, wholesaling, retail, and food service.⁷
- **Madison has many existing strengths in the local food sector.** Madison is already a national leader in the local food industry. This is evidenced by Madison's successful farmers markets, renowned farm-to-table restaurants, community grocery co-ops, local food programs at conventional grocery stores, high participation in Community Supported Agriculture (CSA) programs, numerous Community Gardens, vibrant food carts, etc. This is a dynamic and growing economic sector in Madison. Unlike some communities, Madison's residents are already engaged in local food and primed for the Public

⁷ U.S. Bureau of Labor Statistics

Market experience. The Public Market needs to be positioned to complement and amplify Madison's existing assets and projects.

- **The region's food businesses are doing well:** 80% (68 out of 84) of vendor survey respondents reported that their sales have increased in the last five years.
- **There is a strong base of permanent fresh and prepared food vendors interested in the market to expand their retail opportunities.** The number of attendees at the vendor focus groups and open houses revealed a high level of interest among potential Public Market vendors. This is supported by data from a vendor survey which showed that 82% (75 out of 92) of survey respondents are, "interested to very interested" in locating or doing business at a public market in Madison. Over 140 interested vendors have completed the City's recent vendor interest questionnaire, providing detailed information on how the envision doing businesses in the space. In many cities, the key challenge with Public Markets is finding enough vendors. In Madison, the challenge will be choosing among the large pool of vendors who are interested.
- **Madison has an extensive CSA network.** 25% of the community survey respondents were CSA members. This existing interest in CSA's bodes well for interest in the Public Market. The Public Market will look for partnership opportunities with CSA farms, such as hosting a drop-off point, providing trading programs, hosting info sessions, etc.
- **There is high participation rate of shopping at farmers markets** – 81% of the Public Survey respondents had visited the Dane County Farmers Market at least once last year. The Public Market should strive to partner with the Dane County Farmers Market on programming.
- **Shoppers at grocery stores showed a strong interest in local foods** - 53% of community survey respondents said a good selection of locally grown or produced products greatly influenced where they shop for food and 35% said the selection of specialty and ethnic foods strongly influenced where they shopped.

- **The Site Benefits from High Visibility** – The section of East Washington Avenue in front of the Public Market has 52,250 vehicles per day. The section of First Street north of East Washington has 17,700 Vehicles per day and the section of First Street south of East Washington has 10,700 vehicles per day.⁸ This makes the Public Market location one of the highest visibility commercial intersections in Wisconsin.
- **Transit Service** – The site is served by 10 bus routes. On weekdays, 222 busses per day serve the site. On weekends, 33 busses per day serve the site.
- **Proximity to Highway System** – The site is a 4-minute drive (1.57 miles) from the intersection of East Washington and Highway 30, providing excellent access to the regional limited-access highway system. The site is 7 minutes (4 miles) from the Interstate 39/94/90 interchange.
- **Gravity Model Results** - City commissioned a “Huff Gravity Model” analysis to evaluate different locations 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.⁹

Trade Areas:

Based on this analysis, the Public Market anticipates drawing from four trade areas:

1. **Neighborhood Market** – People living or working within a ½ mile radius
2. **Local Market** – People living within a 10-minute drive time
3. **Regional Market** – Residents of Dane County
4. **Destination Market** – Tourists, convention-goers, and other visitors

⁸ Wisconsin Department of Transportation

⁹ Project for Public Spaces Analysis, 2014

For each of these trade areas, the Public Market will achieve a varying level of market penetration (the % of people who visit), a varying frequency of visits, and a varying average expenditure per person. These factors (the number of people who visit, how often they come, and how much they spend) are the fundamental factors that will drive the revenue of the market. The following is a summary of each of the four trade areas and a few strategies to attract visitors from each one. At the end is a summary table with estimated visitation and spending for each trade area.

Trade Area 1: Neighborhood Market (1/2 Mile Radius)

The Neighborhood Market is defined by a ½ mile radius around the site. This area has a current resident population of 5,210, and includes 260 businesses with 2,829 total employees. This area touches many neighborhoods of the City including Emerson East, Tenney-Lapham, Marquette, Schenk-Atwood, and Sherman Terrace. This is an economically diverse part of the City that includes a wide range of housing types and personal incomes. Portions of this area are low income and portions are in areas identified as food access challenged. At the same time, the area also includes multi-million dollar lakefront homes and a wide range of middle-class households. These neighborhoods are some of the most densely populated areas of Madison and include residents that prioritize sustainable, local food choices. This population mix in a relatively high-density environment will help the Public Market be successful.

The site is also located at the capstone of the dynamic Capitol East District. The Capitol East District (E. Washington Avenue corridor between First Street and the Square) is one of the fastest growing parts of Madison, with new, thriving entertainment, housing, and business opportunities that will drive visitors to the Market. The City recently commissioned a study to project future development activity in the Capitol East District. Based on the City's adopted plans and current growth trajectory, this report lays out projected growth in the Cap East District. Based on these projections, the Capitol

East District will likely add over 2,000 apartment units and approximately 2.5 million square feet of commercial space over the next two decades. This will bring over 5,000 new residents and new employees to this district.

Within just the next few years, several major new projects will be built and open in the Capitol East District. Some of the major projects that are currently under construction include:

- **The Spark Building** – 200,000 square feet of office, co-working, and entrepreneurial incubation space that will be occupied by American Family Insurance and StartingBlock Madison
- **The Gebhart Building** – 100,000 square foot commercial building including the 2,500-capacity “Sylvie” concert hall owned by Frank Productions
- **The “Lyric” Building** - 150 residential units and 60,000 square feet of commercial space
- **The “Marlin Lumber” Redevelopment** - 230 apartments and 20,000 square feet of commercial space across the street from the Public Market site
- **The Public Market Campus** – As noted in this plan the Public Market development will be a public/private project that includes approximately 100 apartment units and 30,000 square feet of commercial space.

The City anticipates that this transformation of the Capitol East District will continue. Many people moving into this corridor to live or to work are younger residents from high tech firms such as Google, Shop Bop, Epic, Zendesk, and others. The Public Market will be a prime shopping choice for millennials, catering to this age group’s preferences for authentic, local, and unique food choices within walking and biking distance.

Marketing Strategies for Trade Area 1:

A few key strategies to ensure that the neighborhood market regularly visits the Public Market include the following:

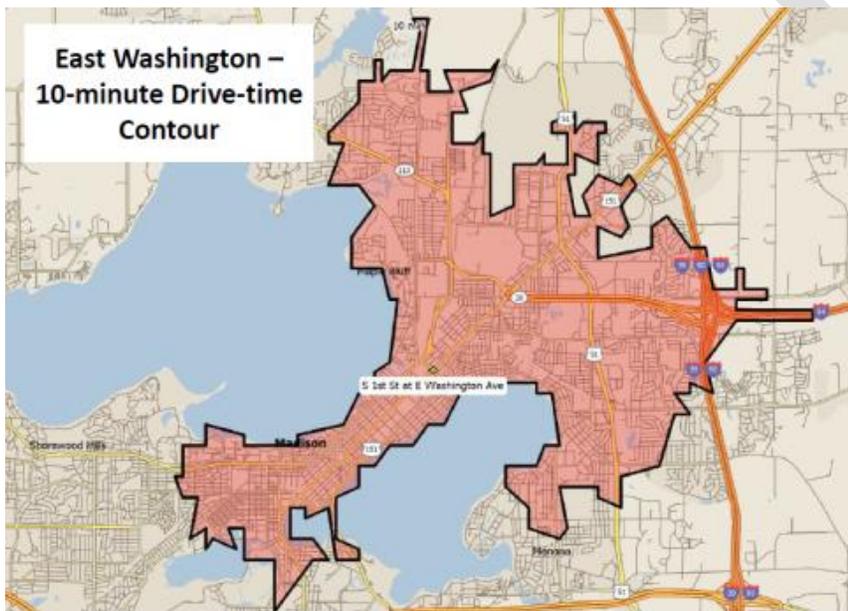
- Ensure that the design provides excellent bike and pedestrian access
- Create strong connections to neighborhood

institutions such as East High School, other schools, churches, neighborhood associations, etc.

- Provide space in the Public Market that can be used for neighborhood events
- Coordinate with developers and property owners of the large apartment buildings in the Cap East District. Provide welcome-to-the-neighborhood coupons or gifts to let new residents know about the Public Market.

Trade Area 2: Local Market (10-minute drive time)

The Local Market is defined as the population living within a 10-minute drive time of the Public Market. Currently, there are 173,282 people, including 48,974 households living within



this 10-minute drive. In 2014, the City of Madison conducted a survey of 2,083 people, mostly City of Madison residents. When asked how far someone would travel to visit the market, 97% answered up to 10 minutes while 79% stated they would travel up to 15 minutes.

The 10-minute drive time area also includes several major

employment areas. Most notably, the Capitol Square is 18-blocks away. This proximity to Madison's core central business district creates some opportunity to capture a weekday business lunch audience, but this will require strategies that draw people to the site.

Marketing Strategies for Trade Area 2:

A few key strategies to ensure that the Local Market regularly visits the Public Market include the following:

- Provide programs and services that help connect

downtown employees to the Public Market as a lunch option. For example:

- Lunch shuttle in partnership with downtown hotels
- Partnership with Madison BCycle and a station at the Market
- Weekday lunch specials
- Partnerships with online delivery services such as Eat Street and Grub Hub
- Provide a detailed and user-friendly Public Market App with real time information on what's available at the market, what vendors are there, hours of operation etc.
- Ensure the Public Market has adequate short-term, drop-in parking for local residents interested in stopping in to grab a quick item.
- Focus on making the Public Market easy and convenient for local residents to use.

Trade Area 3: Regional Market (Dane County)

The third trade area is the Regional Market, defined as Dane County. Dane County's current population is approximately 520,000. The Public Market site can be reached by almost all residents of the County within 30 minutes. In the 2014 market analysis survey conducted by the City of Madison, 95% of the 2,083 survey respondents said they would go to a Public Market if Madison had one. The responses to this survey came from residents who live in 78 different zip codes spread across the region. Though the most frequent visitors to the Public Market will be neighborhood (1/2 mile radius) and local (10-minute drive) markets, residents of Dane County and the larger region will visit for the unique experiences the market offers.

With the variety of activities and events happening at the Market, people from across the region will visit. Just as the Dane County Farmer's Market has become a beloved destination, so too will the Madison Public Market. While the Neighborhood Market and the Local Market will visit the Public Market more often for day-to-day needs, residents of the Regional Market will tend to visit the Public Market for

the overall unique experience, the delicious food, the connection to local farmers and the gathering space.

New entertainment venues in the E. Washington corridor will bring thousands of people from across the region to the Public Market area. Breese Stevens Field increases the events and attendance levels every year. The new Frank Productions space will regularly bring 2,500 people to the corridor for evening shows and entertainment. Thousands will be looking for nearby food and beverage options. As the corridor grows, so too will entertainment opportunities that will help drive people to the Market from across Dane County and south-central Wisconsin.

Anecdotally, most Madison residents would agree that there are not enough winter events and year-round destinations. Many comments collected over the years of Public Market information meetings revolved around the need for the Public Market as an opportunity for more activities during the colder months. With 50,000 square feet of space, of which 3,000 will be dedicated to temporary event space, there will always be something new and interesting to see or experience at the Public Market during every month of the year.

Marketing Strategies for Trade Area 3:

For the Regional Market, the focus should be on a special events and activities that keep the market fresh, interesting, and a worthwhile weekend or evening destination. To attract residents who live in the Madison area but not in the immediate proximity of the Public Market, the Public Market needs to offer ever-changing unique experiences and special products that make it fun and interesting. Strategies include:

- Program a range of seasonal events that focus on the product at the market. The Public Market will be active and changing year round. It should have a specialty locally-made chocolate event for Valentine's Day, a flower market for mother's day, workshops on grilling local for Memorial Day and July 4, a pumpkin-carving event and Oktoberfest beer in

October, an event focused on locally-raised Turkeys at Thanksgiving, and a Christmas Market in December.

- The Public Market will also have summer music events that link the Public Market to Burr Jones Park, as well as boat-in events that entice people to dock their boats in the River to go to the market.

Again, the core focus to attract people from around Dane County is making the Public Market a special destination with unique products, a variety of events, and an atmosphere that can't be found anywhere else. For regional visitors, the Public Market should be a familiar and comfortable place where you know you can always get that special item you love, but it should also always provide something new and surprising that makes you want to go back.

Trade Area 4: Tourists and Visitors

The Madison Public Market site is well situated to attract out-of-town tourists. Close to the Dane County Regional Airport, Interstate 94 and 39/90, and John Nolen Drive, the Public Market offers easy access to those visiting the area.

The Madison Public Market Development Committee and the Madison Public Market Foundation are working to create a Market that is a showcase for Madison's local food culture. Currently, we have a thriving local food scene that visitors want to experience when they travel to our region. However, there is not one central location where our local food culture can be experienced and celebrated. The Madison Public Market will be a promoter of our local dairy industry, local agriculture, and locally made food products. The Market will also be a hub for locally made art and hand-made goods.

The Public Market will offer out-of-town guests a variety of activities that will help drive tourists to the site. Some of these activities that will appeal to visitors are:

- Wisconsin Dairy and Cheese pavilion inside the Market that will offer an interactive dairy exhibit, dairy

merchant vending stalls, and retail store. Visitors will learn about our region's dairy history, meet cheese-makers, taste cheese, ice cream, and other dairy samples, and purchase a variety of local cheeses and other dairy products.

- Stories of how our region was shaped by a variety of different cultures and their food histories.
- Beautiful local artwork
- Outdoor seating, live music and other outdoor events
- Pop-up markets and events such as food fairs, craft fairs, and other unique events
- Nearby Burr Jones Field and Yahara River for picnics in the park and canoe rentals
- Bicycle station to explore the bike paths leading from the Market
- And of course... 30+ local food vendors offering multi-cultural, delicious food to eat at the Market or purchase as a souvenir

When visitors want to have a truly Madison experience and understand an important piece of our local culture, the Madison Public Market will be a "must stop" destination. Though the primary goal of the Public Market is to serve residents, it will also become a visitor destination.

To understand the annual visitor total, other Public Market attendance totals were reviewed in addition to analyzing the total visitor counts of other Madison destinations. The table below shows recent annual visitor totals for a few key visitor destinations in Madison.

Destination	Annual Visitors¹⁰
Overture Center	506,000
Monona Terrace	350,300
Kohl Center	1,030,000
Memorial Union	3,650,000
Dane County Farmer's Market	497,500
Children's Museum	243,000
Olbrich	250,000
Henry Vilas Zoo	975,000
Alliant Energy Center	1,000,000

Marketing Strategies for Trade Area 4:

The Public Market has the potential to contribute to Madison's growing success as a visitor destination that helps attract visitors to Madison by showcasing part of what makes Madison special. For the Visitor Market, a key focus will be collaboration with community partners to make the Public Market a "must-see" stop for Madison visitors.

- Collaborate with the Greater Madison Convention and Visitors Bureau to make the Public Market part of its strategy to recruit events and visitors. The Public Market could become one of the places in Madison that helps "sell" the city to event planners looking for destinations for conventions and conferences.
- Work with organizations and businesses like Madison Eats Food Tours to host Public Tours
- Coordinate with the Monona Terrace, Alliant Energy Center, and other event facilities to make the Public Market a destination that event-goers can add to their list of things to do while in Madison
- Connect with the Dane County Regional Airport to have flyers and displays at the airport encouraging

¹⁰ Madison Central Business Improvement District, *Make It Downtown Madison*, 2012

visitors to see the Public Market. The market's strategic location midway between the airport and downtown is important.

- Connect with the UW Madison to make the Public Market a place that visiting families of students may want to see. Work with the Athletic Department and local businesses to Make the Public Market a potential game-day destination with parking and shuttles to Camp Randall and the Kohl Center
- Do some target marketing to residents of Chicago, Milwaukee, and the Twin Cities to add the Public Market as a reason to make Madison a weekend getaway destination.

Summary of projected visitation and total spending:

Based on the research of the market and four trade areas described above, the following table summarizes anticipated total visitation to the Public Market and anticipated total revenues generated from each trade area.

Trade Area	Trade Area 1	Trade Area 2	Trade Area 3	Trade Area 4
	Neighborhood Market (1/2 Mile Radius)	Local Market (10-minute Drive Time)	Regional Market (Dane County)	Visitor/Tourist Market
Population	7,993	101,582	422,061	NA
Estimated Penetration (% population coming to the market at least once per year)	75%	50%	25%	NA
Number of visitors	5,995	50,791	105,515	100,000
Estimated average visits per year	15	5	2	1
Total visits	89,921	253,955	211,031	100,000
Estimated average spending per visit	\$30	\$30	\$20	\$20
Total estimated revenue	\$2,697,638	\$7,618,650	\$4,220,610	\$2,000,000
Total Visitors (individuals coming to the Public Market)				262,310
Total Visitation (total unique visits including repeat visitors)				654,907
Average spending per visit				\$25
Total Revenue				\$16,536,898



Part 11: Community & Economic Impacts

Impact Summary

\$16 - \$20 million
in sales

35 new
businesses
launched

100 Jobs at the
market

\$22 million regional
impact

265 regional jobs
created

\$29 million in
private investment on
the site

\$200 million in
redevelopment
potential in the
immediate area

Madison's Public Market will have a substantial economic impact by creating jobs, promoting local farmers, developing new businesses, catalyzing redevelopment, and providing a large group of people an opportunity to start a business.

Estimated Sales – As noted previously, the total annual sales at the Public Market are estimated to be approximately \$16 million. The PPS Huff Gravity Model analysis estimated \$12 million in sales in the category of “fresh food to take home.” With additional sales for prepared foods eating on site, drinks, arts/crafts, and other things sold at the Public Market, the total sales should meet or exceed the \$16 million estimate.

Job Creation - The Public Market will open with approximately 35 permanent tenants. In addition to vendors, the market will have its own staff, a variety of businesses using the Food Innovation Center space, and event activity. Based on the PPS analysis, the Market's range of employment opportunities should be at minimum 100 employees.

Entrepreneurial Opportunities - The Market will offer a unique opportunity for entrepreneurs to build a business in a small space. Many will be first-time business owners testing a concept and taking advantage of the market's unique ability to generate foot-traffic. Through the MarketReady Program, the City and its partners are already working to ensure that the Public Market fulfills its mission of creating a platform for diverse entrepreneurship in Madison.

Business Growth - Over time, some startup businesses at the Public Market will grow and “graduate” into different types of space. This includes vendors moving into a more traditional storefront space, or food product makers scaling up to lease a larger production facility in a industrial area. The goal is that some businesses develop concepts and products that grow into national brands.

Regional Food Economy Growth - The Public Market is a regional economic development project. The project has benefitted from the strong support of the leadership of Madison Region Economic Partnership (MadREP), who recognizes the Public Market's potential to connect and help grow the region's urban and rural economies. Using regional economic multipliers provided by the

U.S. Bureau of Economic Analysis, the conservative estimate of \$12 million in fresh food sales will generate a regional impact of \$21.9 million and lead to 265 full and part-time jobs.

Catalyst for Redevelopment – The Public Market is a critical site in the City. It is on the eastern edge of the burgeoning Capitol East District, but within an immediate area that has struggled to see significant redevelopment activity. The transformation of the corner of 1st Street at E. Washington and the activation of Burr Jones Park and the Riverfront will spark additional private development investment in this area of the City, creating more jobs and tax base for the City.

Visitor Draw – One of the things that makes Madison an interesting and attractive destination is the City's vibrant food culture and food offerings. More and more, authentic local food experiences are becoming a driver for tourism and visitation to communities. The Public Market will help attract visitors and foster repeat visits. As noted previously, the Public Market anticipates attracting approximately 650,00 unique visits from 260,000 total visitors. Of these, approximately 100,000 are anticipated to be out of town guests. The City of Madison and Public Market Foundation look forward to working with community partners including the Greater Madison Convention and Visitors Bureau, Alliant Energy Center, Monona Terrace, local hospitality businesses, and others to integrate the Madison Public Market into what Madison offers as a destination for business and leisure visitor markets.



Part 12: Equity & Inclusiveness

As part of the business planning process, the City completed a detailed Equity Analysis to evaluate how the Public Market project can create economic opportunities for low income populations and communities of color in Madison. The Equity Analysis resulted in ten detailed recommendations.

- 1) Recommendation #1: Focus on making the Public Market successful as a place for small startup businesses
- 2) Recommendation #2: Be culturally aware, get diverse input, and look globally for inspiration
- 3) Recommendation #3: Incorporate story telling and Madison history through Interpretive displays
- 4) Recommendation #4: Conduct thorough and highly-personal vendor outreach during the pre-opening stage
- 5) Recommendation #5: Incorporate programming and outreach after opening to support vendors
- 6) Recommendation #6: Hire outreach program coordinator early in the process
- 7) Recommendation #7: Build partnerships with other organizations
- 8) Recommendation #8: Connect with other assets around the City and maintain a focus on a Market District and a city-wide food systems strategy
- 9) Recommendation #9: Expand focus to other parts of the City and consider additional future markets and satellite markets in other areas.
- 10) Recommendation #10: Codify these recommendations into the project charter, incorporation papers, operating agreements, and/or other more formal documents that will ultimately guide the organization that implements the project and operates the public market

These recommendations are already being incorporated into the process of implementation. Most notable, the concept of the MarketReady Program emerged from the Equity Analysis and the City is working with community partners to launch that program now. The MarketReady Program, as part of the overall vendor recruitment effort, directly relates to recommendations #1, #4, and #5. In addition, the City and the architecture team are working to carefully consider the equity aspects of the physical

design of the space to ensure that it is welcoming and inclusive. This includes incorporating civic story telling space and culturally aware and diverse design. As such, the design process is following through on recommendations #2, and #3. The City's Public Market Development Committee membership overlaps with the City's Food Policy Council, and its wider mission of addressing food issues city-wide. Leaders on the two committees are working to link the Public Market effort to the City's broader efforts to address food security issues and create a stronger city and regional food system. These efforts are closely tied to recommendations #8 and #9.

As plans for the Public Market continue to move forward, the City, the Public Market Foundation, and other project stakeholders will continue to review the equity recommendations and focus on their implementation. More of the recommendations will continue to come into play as the project moves forward.

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Summary Timeline

Public Market Timeline 7/11/17	2017		2018				2019	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Design								
Finalize Concept Plans	■							
Negotiate LOI with Developers	■							
Development Agreement	■	■	■					
Final A/E		■	■	■				
City L.U. Approvals			■	■				
Contracting				■				
Vendors								
Select MarketReady Cohort	■							
Implement MarketReady Program	■	■	■	■	■	■	■	■
Vendor Selection			■	■	■			
Leasing					■	■	■	■
Governance								
Foundation adds board members	■							
Negotiate Operating Agreement	■	■						
Hire Executive Director			■					
Execute Operating Agreement			■	■	■	■	■	■
Prepare for Operations			■	■	■	■	■	■
Funding								
Submit EDA grant	■							
Launch Fundraising Campaign	■	■	■	■				
Close NMTC transaction				■				
City Approves Financial Plan				■				
Outreach/Equity								
Ongoing events/outreach	■	■	■	■	■	■	■	■
Implement Equity Recommendations	■	■	■	■	■	■	■	■
Construction								
Build					■	■	■	■
Grand Opening								■

Contact Information

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