

Madison Public Market QUARTERLY UPDATE

Update #9: Q1 2019



April 2019

Quarterly Progress Report on the Madison Public Market

(Requested by the Madison Common Council in 2016)

The Madison Public Market project has been step-by-step process of forming a vision, creating a business plan, engaging the community, cultivating potential vendors, designing the building, developing key partnerships, raising funds, and keeping stakeholders informed. It is a multi-year effort that has engaged thousands of community members with City staff working closely with volunteer community leaders. The Common Council and Public Market Development Committee (PMDC) have overseen this process through monthly public meetings, periodic Council updates, and numerous adopted Council resolutions directing each step. The Economic Development Division provides quarterly progress reports to the Common Council to summarize progress. For more information, copies of background materials, or if you have questions, please contact:

Dan Kennelly

Office of Business Resources Manager, Economic Development Division
608-267-1968, dkennelly@cityofmadison.com

INSIDE THIS REPORT:

Part 1: Recap of Vision, Background, & Progress	2
Part 2: Update on Site Design and Architecture	5
Part 3: MarketReady Program Update	6
Part 4: Public Market Foundation Progress	11
Part 5: Budget and Timeline	12
Part 6: Contact and Links to More Information	14
Part 7: Community Meeting on May 8	14



Part 1: Recap of Vision, Background, & Progress

Project Vision:

The vision for the Madison Public Market is to create a year-round destination featuring a diverse mix of merchants offering fresh produce from local farmers, culturally eclectic prepared food, and locally made handcrafted goods. The market will be a hub for business incubation and workforce training. It will be a community gathering space that highlights local artists and musicians, hosts community events, and supports a range of activities for residents and visitors alike. **The core mission of the Public Market is equity-based economic development.** The project aims to lower barriers to entry and create a supportive environment for diverse entrepreneurs to launch a new business. With the MarketReady Program, the Public Market project has already begun working with a cohort of passionate and committed entrepreneurs who are preparing their businesses for launch in the market.



A few of the entrepreneurs in the Madison Public Market's MarketReady Program seen here visiting the Midtown Global Market in Minneapolis. The program has 30 participants who are pursuing their dream of launching a business at the Public Market. MarketReady is providing training, technical assistance, business coaching, and small grants.

Background:

In 2012, the Public Market Development Committee (originally named the Local Food Committee) convened to study the City's food economy and make recommendations for the location and vision for a Madison Public Market. The Committee spent two years conducting research, talking with stakeholders, and forming the basis of a vision for the project. Work included researching the region's food system, learning about public markets in other cities, and surveying potential vendors.

Business Plan:

In 2013, the City engaged a consulting team to develop the Public Market Business Plan. The business plan process took two years and involved a robust community engagement effort that touched over 2,000 community members and potential vendors through events, workshops, surveys, and focus groups. The Common Council adopted the Business Plan in October of 2015 and staff has continued to make periodic updates to the [Business Plan document](#). The city conducted the Business Plan in three phases, with Council action approving each one:

- 1) Vendor cultivation and market research ([RES-14-00370](#))
- 2) Location selection ([RES-14-00746](#))
- 3) Final business and operating plan ([RES-15-00814](#))

Racial Equity Impact Analysis:

At the direction of the Common Council, the Business Plan process included applying the City's Racial Equity Impact Tool to the project. The RESJI Analysis led to ten specific recommendations for how the Public Market can have a positive impact on communities of color in Madison. The City and Public Market Foundation are implementing these recommendations in the ongoing planning process. The [Public Market Equity Report](#) continues to guide all aspects of the project. The Public Market's MarketReady Program (addressed later in this report) was one outcome of the Equity Analysis.

Implementation Strategy

After the Common Council approved the Business Plan, the PMDC and city staff next developed the [Public Market Implementation Strategy](#) in 2016. This strategy lays out five "Work Elements" necessary for the project to move forward: 1) Governance/operations, 2) Funding, 3) Design, 4) Vendor development, and 5) Community outreach. The Common Council approved the Implementation Strategy in March of 2016 ([RES-16-00194](#)). The five Work Elements have formed the basis of the efforts by City Staff, the PMDC, and the Public Market Foundation since 2016.

Summary of Progress to Date:

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



- **2011-2013:** The Committee is formed and begins research and outreach to create a vision for a Public Market that will benefit Madison
- **2013:** Project For Public Spaces (PPS) engaged to develop a business plan
- **2014:** Location selected and approved by the Common Council after analysis and community input
- **2015:** Business Plan completed and adopted by Common Council
- **2016:** Public Market Implementation Strategy completed and approved by Council
- **2017:** The Public Market Foundation is formed and the MarketReady Program is launched
- **2018:** The Public Market Foundation builds its board, receives lead donations, and works with the City on the operating plan. The MarketReady Program participants continue making progress on business plans, securing funding, working with business coaches, etc.
- **2019:** The City selected an Architect/Engineer team to complete the design, the Madison Public Market Foundation was awarded 501c3 status, the City and the Foundation executed a Collaboration Agreement, and contracts have been signed for lead private donations.

History of Common Council Action on Public Market

1. 7/5/11 - [RES-11-00586](#) – Resolution to create Local Food Committee
2. 2/5/13 - [RES-13-00078](#) – Resolution to authorize RFP for Business Plan
3. 1/6/14 - [RES-14-00370](#) - Resolution to accept Business Plan Phase 1 (market study)
4. 5/7/14 - [RES-14-00746](#) - Resolution to accept Business Plan Phase 2 (site selection)
5. 10/6/15 - [RES-15-00814](#) - Resolution to approve Final Business Plan and request staff and the PMDC to create an implementation strategy
6. 3/15/16 - [RES-16-00194](#) - Resolution to approve the Implementation Strategy and direct next steps on each of the 5 “Work Elements” identified within the Strategy.
7. 5/17/16 - [RES-16-00362](#) – Resolution authorizing next steps with design
8. 6/21/16 - [RES-16-00461](#) - Resolution authorize funding for the MarketReady Program
9. 6/21/16 - [RES-16-00464](#) - Resolution to engage Funding Consultants (Fundraising and NMTC)
10. 9/6/16 - [RES-16-00615](#) - Resolution to engage Architects to develop conceptual design
11. 11/22/16 - [RES-16-00872](#) – Resolution changing the name Local Food Committee to Public Market Development Committee, adding members, and restructuring the committee mission and composition.
12. 2/7/17 - [RES-17-00104](#) - Resolution to approve MarketReady contract with community partners to administer the program



13. 8/1/17 – [RES-17-00636](#) – Resolution authorizing CDBG funding for a portion of the MarketReady Program funding
14. 12/5/17 – [RES-17-00962](#) – Resolution identifying Public Market Foundation as fundraising entity and issuing RFQ for Operator
15. 5/1/2018 – [RES 18-00356](#) - Resolution approving the Madison Public Market Foundation as the future operator of the Madison Public Market
16. 7/10/18 – [RES 18-00522](#) – Resolution authorizing a RFP for professional architectural and engineering services to design the Public Market
17. 7/24/18 – [RES-18-00570](#) – Resolution authorizing City to retain outside counsel for financing Public Market
18. 2/5/19 – [RES-19-00093](#) - Resolution authorizing a contract with MSR provide professional architectural & engineering design services & construction administration services
19. 2/5/19 – [RES-19-00119](#) - Resolution approving the Collaboration Agreement between the City of Madison and the Madison Public Market Foundation

Part 2: Update on Site Design and Architecture

The final design process for the Madison Public Market is underway. In 2018, the Common Council approved engaging Minneapolis-based architect MSR along with local firms Ken Saiki Design and Vierbicher to be the project's design team ([Resolution File #54211](#)). MSR is now working with the City's Economic Development Division and Engineering's Facilities Management team to complete the design work. This work is being overseen by the Public Market Development Committee in collaboration with the Public Market Foundation, the MarketReady Program, and other stakeholders.

The Madison Public Market will be located at 200 N First St (corner of N. First and East Johnson). The City's Fleet Service division currently occupies the site. Due to Fleet's growing need for an updated facility, the City is in process of building a modernized Fleet facility to be located on Nakoosa Trail. Construction of the facility is anticipated to be complete by Fall of 2020. Upon completion, 200 N First St. will be fully vacated, then adaptively repurposed to accommodate Madison Public Market.

Summary of Facility

Originally constructed in 1953 and occupying a 3-acre site, the Fleet building is approximately 45,000 SF. It includes three service bays with an 18' clear height and second story mezzanine that overlooks the service bays. The building's exterior wall is composed of a 12" CMU block structural layer with a 2" EIFS cladding/insulation layer. Original windows were replaced with an aluminum window system in 1993. A 6" concrete floor slab can be found throughout the building footprint. The site is already owned by the City of Madison and the building is already planned to be vacated. As such, there are no real estate



acquisition costs for the project and the Public Market will bring an active reuse to what would otherwise become a vacant city-owned facility. The location is well served by Madison metro and the City's bicycle network. The building's high ceilings, open clear span spaces, solid construction, and visible location make it well-suited to be repurposed as a unique Public Market that will be enjoyed by the community for generations to come. Further, reusing this existing facility is a more sustainable approach than building a new structure and sustainability features will be woven into the design.



The City's Fleet Services Building will become the home of the Public Market after Fleet Operations move to Nekoosa Trail. With its high ceilings, open spaces, and solid construction, the building is well-suited to becoming a unique Public Market.

Staff expects to complete the design this summer and begin the land use approval process. This will lead into developing construction documents in late 2019, bidding the project in early 2020, and starting construction in 2020 as soon as Fleet Services relocates and the building becomes available.

Part 3: MarketReady Program Update

The City launched the MarketReady Program in 2017 to prepare a diverse cohort of entrepreneurs for success in the Madison Public Market. The concept of the MarketReady Program came out of the [Racial Equity Impact Analysis](#) for the project, which the City's RESJI team completed in 2015. The goal of the equity analysis was to identify strategies to ensure that the economic opportunities flowing from the Public Market would benefit Madison's diverse communities. That analysis led to the concept of a focused program to cultivate

entrepreneurs for the Public Market during the pre-construction timeframe. Funded by the City and administered by community partners, this innovative program is working with 30 entrepreneurs to provide business training, business coaching, peer-to-peer support, and



MarketReady participants and staff touring the Fleet Services Building, the future home of the Madison Public Market

micro-grants. MarketReady helps participants prepare business plans, develop marketing strategies, purchase equipment, secure financing, and test products. MarketReady is building individual businesses and a mutually-supportive network of diverse entrepreneurs who are learning from one another.

MarketReady Participants:

- MarketReady received 83 applications to fill 30 spots
- Applications were recruited through events, personal contacts, and direct one-on-one outreach to potential Public Market entrepreneurs
- Participant demographics:
 - 33% First generation immigrants
 - 63% Women
 - 33% African American
 - 27% Asian
 - 33% Latinx

MarketReady Milwaukee Bus Trip

On March 16, the MarketReady program took their second all day bus trip to visit other markets. This trip was to Milwaukee and included visits to the Milwaukee Public Market, the Fondy Food Center, and the Sherman Phoenix Project. The day started with a tour of the City's Fleet Services Garage before proceeding to Milwaukee. While in Milwaukee, the trip included tours of the facilities, meetings with current vendors, and discussions with the management of the markets. The participants completed an evaluation of the trip. Some of their comments included:

- "It was great to see the Fleet Services Building first and then the Milwaukee Public Market, it sparked vision."



- “Love being in a group with fellow entrepreneurs... Love the support and respect for each other. Love touring other markets for ideas and eating, yum.”
- “Strengthened connections. I learned that this could be a reality.”
- “It was really good to learn from a strategic standpoint how the Milwaukee Public Market operates. It was also good to hear from successful business owners.”
- “I studied the overall design of each market and learned about the logistics of floor plans. I did feel connected to a few businesses that operate similarly to my business.”
- “The pizza place at Milwaukee Public Market had solid fuel exhaust, which we’ve been thinking about for our charcoal chicken. We hadn’t seen that exhaust anywhere else. We took his business card and will be calling him to check about details.”
- “At Sherman Phoenix I gave everyone a sample and business card. I got connections with a vendor and the owner invited me back to vend and do a pop-up shop. I absolutely loved that place (Sherman Phoenix)”

Boardman Clark Legal Workshops

Boardman Clark is providing the MarketReady Program with a series of free legal trainings on topics such as business taxation, hiring employees, and business entity structure. The City and the MarketReady program are thankful for Boardman Clark’s generous support for the program and willingness to share their deep expertise on the legal aspects of starting and running a business.

Kiva Madison and MarketReady Synergy

The City of Madison launched “Kiva Madison” in 2018. Coordinated by the Economic Development Division and local partners, Kiva is a crowdfunding platform where local startup businesses can secure no-interest loans by raising small contributions from the community through an online platform. Three MarketReady participants (Little Tibet, Ugly Apple, and Curtis and Cake) have successfully used the Kiva Madison platform to secure loans to expand their businesses. These connections between MarketReady and Kiva illustrate the power of linking city-sponsored programs focused on supporting community-based small business development.

Recent Comments from MarketReady Participants:

The MarketReady Program recently conducted a survey of the participants. Below is a sample of the survey responses.

What are some of the business successes you are most proud of from the last year and a half?

- “Doubling the size of my business in 2018 by adding a second food cart with a totally different market and seeing it take off overnight.”
- “Cooking classes at Meadowridge Library. Participating in food sampling at Warner Park, business website, logo, business card.”



- "Brava Magazine! Made it into the March issue. Connections made and repeat customers."

What are some of the most important ways that MarketReady has supported your business over the last year and a half?

- "Having a business mentor has been instrumental in keeping things moving forward and sharing ideas"
- "I love the classes offered by multiple organizations. I learn so much and the instructors are easy to work with! It's also opened up more connections, expanding my network"
- "In 2018 I received a grant that helped us ease productions and add an employee. Also allowed me to reach with an opportunity to grow more than I thought possible. The group and individual support has been more than I saw possible. Thank you so very much."
- "MarketReady grant was extremely helpful. We got a machine that helps us process jarring. We were in Isthmus twice. We participated in several events. We learned a lot from the legal classes."

What are some barriers your business is facing currently?

- "Growth... I'm still figuring out where I want my business to go while waiting for the public market to open"
- "No space to provide my customers with products on a regular basis. Online can be great but customers desire that face to face contact."
- "Getting into more grocery stores as an Asian woman. Finding a distributor."
- "My lack on all technical things like marketing, taxes, spreadsheets, a working computer."

How can MarketReady support your business in the next year?

- "Continue to promote opportunities and resources! Access to grant and loan programs is always great."
- MarketReady can host a retailer meet vendor night where local and national retailers can meet the MarketReady vendors"
- "Grants, supportive one-on-one meetings. More group meetings to share ideas and comments. More possibilities to vend/showcase products."



Examples of Results for Specific MarketReady Businesses:

- **Reyna Gonzalez of Tamaleria el Poblano** is using local sources of corn for her handmade tamales. She currently produces 10,000 tamales a week using 2,000 pounds of corn per month. Her brother, Juan, grows all her vegetables and herbs at the Farley Center in Verona. Reyna purchased a Molino (corn mill) using grant funds from the MarketReady Program. The MarketReady Team worked with her to structure a partnership with a local farmer to use locally grown varieties of corn.
- **Laura Riggs of Savvy Pet Foods** is preparing to sell her first batch of dog treats. She will use the freeze dryer she bought with a MarketReady Grant.
- **Luis Dompablo of Caracas Empanada** used MarketReady funds to purchase an Empanada press that allowed the business to increase production
- **Laurel Burleson of Ugly Apple Café** used MarketReady funds to purchase a food dehydrator to launch a new line of fruit leather, providing a healthy snack using produce that would otherwise go to waste. Through her connections with the MarketReady Program, Laurel also secured support from the Doyenne Group and recently launched a Kiva loan campaign.
- **Off the Block Enterprises** used MarketReady grant funding to purchase a countertop pizza oven to sell pizza at events. The MarketReady program also helped Off the Block secure needed food licenses for their expanding operations.
- **Afreeka Wear** is a business that designs African clothing and created a partnership with Jazzman on State Street.
- **Abasso Foods** makes vegan baked goods with ingredients sourced from tribal communities and worked with the Marketready Team to launch a successful gofundme campaign



Reyna Gonzalez (Tamaleria El Poblano) connected with local farmer Dave Meuer to use local corn to make tamales. The MarketReady Program facilitated this connection and funded the purchase of the Molino (corn mill) seen here.

Additional Results from the Program:

- 1,046 hours of educational events and workshops in 2018
- 585 hours of one-on-one business coaching from mentors in 2018
- 339 hours of direct business consultation with MarketReady and City staff in 2018
- \$37,500 grants awarded
- 2,000+ people reached through events and activities
- 4 Taste of the Public Market events featuring rotating MarketReady Vendors
- 25 peer-to-peer support meetings

- 19 new employees hired in MarketReady businesses
- Field trip to visit 3 public markets in Twin Cities
- Hosted a series of MarketReady community cooking classes at the Meadowood Community Center
- \$71,425 funding from outside (non-city) sources brought in to the project
- 3 participants have secured \$10,000 community-funded loans through Kiva Madison
- 40% plan to hire additional employees in the next 6 months
- 80% of vendors have completed or are working on a business plan
- 44% made a large purchase for their business in the last 6 months
- 5 participants were in WARFs upstart program
- 20 participants used the program to attend the Edible Startup Summit
- 2 bus trips to visit markets in the Twin Cities and Milwaukee
- Several vendors have secured LLC incorporation, insurance, logo design, permits, licenses, etc.
- Built relationships with one another, shared equipment, experience, culture, childcare, etc.

Additional Potential Vendors:

In addition to the MarketReady Program, the city has conducted numerous workshops and focus groups to gather input from prospective Public Market vendors. So far, 182 businesses have submitted a request to be part of the Madison Public Market by completing a detailed questionnaire describing the type of business they plan to operate, the products they wish to sell, the size of space they want, etc. The list of potential vendors ranges from early-stage startup entrepreneurs to well-established local businesses that will anchor the market.

Part 4: Public Market Foundation Progress

The Public Market Business Plan recommended that an independent non-profit organization operate the Public Market. To accomplish this, volunteer community members created the Madison Public Market Foundation in early 2017. The Foundation has two main roles: 1) leading the private fundraising campaign for the project, and 2) becoming the non-profit Public Market operating entity. In late 2017, the Common Council adopted a resolution ([Resolution File #49283](#)) formally identifying the Public Market Foundation as the fundraising arm of the Public Market Project. After a Request for Qualifications, the Council then adopted a resolution in early 2018 ([Resolution File #51091](#)) to identify the Public Market Foundation as the operating organization for the market. The Common Council then approved a City/Foundation Collaboration Agreement earlier this year ([Resolution File #54228](#)).



The Madison Public Market Foundation made significant progress in 2018. Specific milestones included:

- Raised nearly \$1,000,000 in private support, including a \$250,000 gift from Boardman Clark Law and significant support from the Dairy Farmers of Wisconsin.
- Recruited a Board of Directors with 10 current members
- Created an Advisory Council of 15 diverse community leaders
- Held four public *Taste of the Madison Public Market* events to help the community envision the Market. Over 2,000 people attended these events
- Grew social media activity through Facebook and Instagram, increasing Facebook likes from 400 to 2,000
- Established a Wisconsin non-profit corporation, adopted governing Articles and Bylaws, opened a checking account, and secured permanent 501(c)3 status with the IRS
- Established a vendor selection work group comprised of MPMF, community members, and MarketReady members to begin outlining the system for choosing the final vendors
- Completed the City's detailed RFQ process and was selected to move forward with the City of Madison to negotiate an operating agreement
- Worked with the City to develop the terms of a Collaboration Agreement
- Created partnerships with Boardman Clark Law and Heartland Credit Union to provide pro bono legal and financing advice to MarketReady vendors



Public Market Foundation Board President, Jamaal Stricklin visiting Eastern Market in Detroit.

Part 5: Budget and Timeline

Capital Budget

The project is within the City's 2019 capital budget. The identified sources of funding include the following:

- **City of Madison Capital Budget** – The Public Market project was approved as part of the 2018 and 2019 capital budget.
- **New Markets Tax Credit Equity** – The Public Market project is a “pipeline” project for several Community Development Entities seeking an allocation of New Markets



Tax Credits. When those CDEs are awarded credits (late 2019), the City will follow up with them to secure credits for the project and work toward closing.

- **Private Donations** – The Madison Public Market is leading the effort to secure private donations for the Public Market. So far, a total of nearly \$1 million has been pledged to the project. The Foundation has developed contacts with potential donors and is actively building connections, hosting events, and laying the groundwork for additional contributions. The success of the fundraising effort is dependent on continued progress with the design, operating plan, and city commitment to the project.

Operating Budget and Long Term Financial Viability

Once the Public Market is fully operating, it will be self-sustaining with revenues covering operational costs. The Public Market Business Plan includes a detailed pro forma. City Staff updates the pro forma on a regular basis based on information about the leasable square footage of the facility, expected rental rates, assumptions about event revenue, and other factors. The Public Market Foundation and the City are building working capital funds into the capital budget to cover operating losses during the first three years. With the City, donors, and federal sources covering the construction, the project will have no debt service so all revenues will go toward operations and programing.

The pro forma makes conservative assumptions about revenues and costs. The variables include the leasable area of the building, annual vacancy rates, event revenues, staffing costs, maintenance costs, required capital reserves, utility rates, marketing costs, etc. The [Public Market Business Plan](#) provides more details on the pro forma. Again, however, this information is being updated on an ongoing basis based on the design of the market and other factors.

The operational viability of the market is a key priority in every decision about the project. The design process will ensure that the market is designed in ways that maximize operational viability. This includes providing sufficient Gross Leasable Area (GLA) and designing vendor stall areas to maximize and stabilize rents, designing marketable event space, making considerations for things like vendor storage/loading, and, most importantly, ensuring that the market is welcoming and accessible to customers. To be successful, the Public Market must first and foremost be a viable place of commerce for its merchants.

Timeline

The Public Market has been years in the making. It is a complex project with many moving pieces. It has benefitted from the dedication of dozens of volunteer community leaders participating in the process through the Public Market Development Committee and Public Market Foundation. There have been numerous Common Council actions approving each



step in the process. The current timeline for the project is to finalize the operating plan, finalize the physical design, secure land use approvals, close on all sources of funding, and sign vendor leases in late 2019 into early 2020. This will position the construction process to begin when the Fleet Services Operations relocated to Nekoosa Trail in fall of 2020. After a one-year construction process, the Public Market grand opening will take place in late 2021.

Part 6: Contact and Links to More Information

For more information about the Public Market Project, contact:

Dan Kennelly

Office of Business Resources, Economic Development Division

608-267-1968

dkennelly@cityofmadison.com

For background materials and documents, go to the City's public market project website:

www.cityofmadison.com/publicmarket

For updates on the Public Market Foundation, go to:

<http://madisonpublicmarket.org/>

Follow the project on Facebook at:

<https://www.facebook.com/Friendsofthemadisonpublicmarket/>

For information on the MarketReady Program, go to:

<https://marketreadymadison.org/>

The Public Market Development Committee typically meets the first Thursdays of the Month at 5pm. Information on agendas and members available on legistar:

<https://madison.legistar.com/DepartmentDetail.aspx?ID=34815&GUID=3EE46D9D-53FE-47C5-947B-4EB2387C38B0>

Part 7: Community Meeting on May 8

The City is hosting a public meeting on May 8 from 5pm to 7pm at the Fleet Building to share the latest design concepts and gather community feedback. This event will be an open house format with "design stations" featuring information about various elements of the project. There will also be a few potential Public Market vendors offering their products to give a "flavor" of the market experience. For information and to RSVP, go to:

<https://www.facebook.com/events/855579251501316/>

