

MEMORANDUM

TO: Public Market Advisory Commission
FROM: Sarah DeWitt, Farmers Market Manager
DATE: October 17, 2013
SUBJECT: Market Revenue Generation & Stall Fee Evaluation

The Market FY 2014 Budget and FY 2015 Proposed Plan Memorandum, which has been included for reference, explained that due to necessary increases in expenditures for staffing and contracted services, in addition to a recurring revenue loss resulting from a change in contract between the City of Ann Arbor and the Ann Arbor Downtown Development Authority, the market annual operating budget has a shortfall effective in Fiscal Year 2013 and years moving forward. This has required the use of market fund balance to cover the shortfall as recurring revenue generation solutions are explored.

The Memorandum also gave the following information regarding solutions for recurring expenditures and additional revenue:

“In order to adequately handle the recurring expenses detailed in this memorandum, staff will work with the Public Market Advisory Commission to explore other revenue sources, including but not limited to vendor stall and parking fee increases, additional market merchandise, and grant opportunities.”

Vendor stall fees and parking fees are the most significant sources of revenue in the market. The initial exploration of additional revenue sources will focus on the 2010 stall fee increase and the current stall fees; comparative data from other farmers markets both in and outside of Michigan; and an evaluation of the fee increase that would be necessary to cover the market’s expenses.

2010 Market Stall Fee Increase

On May 18, 2009, City Council approved the budget and fees for Fiscal Year 2010. Included in this budget was a 20% fee increase for all Ann Arbor Farmers Market vendors paying stall fees annually. Due to the market’s billing cycle, the new fees went into effect in April 2010. The new fee rates were set as follows, and are the current rates approved for the market through FY 2014.

Daily rate: remains the same, \$25/stall/day

Annual rate:	20% increase	
	From (pre FY10)	To (current fees)
1 stall	\$250	\$300
2 stalls	\$575	\$690
3 stalls	\$970	\$1164
4 stalls	\$1425	\$1710

Market Stall Fee Comparisons - 2013

Market information was gathered from 12 markets, including the Ann Arbor Farmers Market, to evaluate how the market's fees compare with that of comparable markets. Consideration was given to the number of market days offered per week and per year, as well as the total number of hours each market is open. Of the markets evaluated, the average yearly stall fee is \$775.70 and the average daily stall fee is \$33. This average is significantly higher than the fees charged at the Ann Arbor Farmers Market.

Market Name	Days & Hours	Season Length	Yearly Stall Fee	Daily Stall Fee	Average Hourly Rate (Total # of market hours per year / yearly stall fee) Average Daily Stall Fee (Yearly Fee / # of market days)	Other Fees	Infrastructure	Attendance Requirements	Stall Size
Ann Arbor	Saturdays & Wednesdays 7am-3pm (May-Dec); Saturdays 8am-3pm (Jan-Apr)	January - December (86 markets)	\$300	\$25	\$.44/hr \$3.49/day	\$55 bi-annual inspection fee	Some vendors receive covered stall spaces; must bring own table and chairs; electricity and water available	15year to maintain seniority position at the market.	7'x6'
Kalamazoo	Saturdays 7am-2pm (May-November); Tuesdays & Thursdays 7am-2pm (June-Oct)	May - November (72 markets)	\$485	\$50-65	\$1.04/hr \$6.74/day		Some vendors have parking and others don't; spaces are covered		8'x4'
Northville	Thursdays, 8am-3pm	May - October (27 markets)	\$300	\$30	\$1.59/hr \$11.11/day	\$10 Jury fee (for new vendors only)	Vendor must bring tent, chairs, table; no electricity or running water available	20 x per year for seasonal vendors (74%)	10'x12'
Allen Street, Lansing	Wednesdays 2:30-7pm	May - October (24 markets)	\$192	\$9	\$1.78/hr \$8/day			Two or more cancellations on prepaid/reserved booths may result in the loss of that reserved booth (but not participation in the market).	12'x20'
Austin, TX	Saturdays 9am-1pm	January - December (52 markets)	\$2,340	\$45	\$11.25/hr \$45/day			Yearly Vendor's fee is \$150.00 for all vendors	10'x10'
Ypsilanti Farmers Markets (Downtown & Depot Town)	Saturdays 9am-1pm; Tuesdays 2-6pm	May - October (52 markets)	\$448	\$20	\$2.15/hr \$8.62/day		Vendor must bring tent, chairs, table	Unexcused absences may result in loss of seasonal stall	varies

Chelsea	Saturdays 8am-12noon	May - October (27 markets)	\$240	\$12	\$2.22/hr \$8.89/day		Vendor must bring tent, chairs, table		9.5'x18'
Canton	Saturdays 8am-11:30am	June - October (18 markets)	\$144	\$18	\$2.29/hr \$8/day		Vendor must bring tent, chairs, table	Must notify 72 hrs in advance of absence; no notice results in a \$18 booth fee paid before the vendor may return to market	15'x15'
Detroit Eastern Market	Saturdays 6am-4pm	January-December (52 markets)	\$1,725	\$75	\$3.32/hr \$33.17/day		Covered stalls, electricity and water		7.5'x20'
Athens, GA	Saturdays 8am-12noon	April-December (38 markets)	\$555	\$25	\$3.65/hr \$14.61/day		Vendor must bring 10'x10' tent		10' x 10'
Royal Oak	Saturdays 7am-1pm	January - December (52 markets); each lease is only 6 months (26 markets)	\$700	\$60	\$4.49/hr \$26.92/day		Covered space outdoors		
Farmington	Saturdays 9am-2pm	May - November (27 markets)	\$810	\$30	\$6/hr \$30/day			Accumulating 3 absences during the season may result in a loss of future selling dates.	10'x10'
Portland, OR	Saturdays 8:30am-2pm	March-December (41 markets)	\$1,845	\$45	\$8.18/hr \$45/day	Non-refundable application fee	Outdoor space, no coverage provided, vendor must bring tent/umbrella		10' x 10'

Stall Fee Increase Evaluation

The following data provides the stall fee increases that would be necessary to cover the market's budget shortfall based upon FY2013 budget data and estimated FY14 expenses.

Overall Revenue from Stall Fees

<i>FY14 Expenses to Meet</i>	\$188,207.00	
<i>Total Revenue Expected Excluding Prior Year Fund Balance</i>		
	\$139,644.97	
<i>Total Difference to Cover</i>	\$48,562.03	
<i>Percentage Stall Fee Increase to Cover Total Difference in Revenue</i>	47.600%	
Current Stall Revenue (FY13 Year End Numbers)		Stall Revenue with 47.600% Increase
<i>Annual Rentals Paying Yearly</i>	\$55,576.00	\$82,030.18
<i>Daily Rentals Paying Yearly</i>	\$25,254.00	\$37,274.90
<i>Annual Rentals Paying Daily</i>	\$1,575.00	\$2,324.70
<i>Daily Rentals Paying Daily</i>	\$15,475.00	\$22,841.10
<i>Wednesday Night Market</i>	\$4,140.00	\$6,110.64
<i>Total Expected Revenue from Stall Fees</i>	\$102,020.00	\$150,581.52

Stall Fees for Yearly & Daily Payments

Current FY14 Stall Fees		Stall Fees with 47.600% Increase	
<i>1 stall yearly</i>	\$300.00	<i>1 stall yearly</i>	\$442.80
<i>2 stalls yearly</i>	\$690.00	<i>2 stalls yearly</i>	\$1,018.44
<i>3 stalls yearly</i>	\$1,164.00	<i>3 stalls yearly</i>	\$1,718.06
<i>4 stalls yearly</i>	\$1,710.00	<i>4 stalls yearly</i>	\$2,523.96
<i>Surcharge for corner stalls</i>	\$50.00	<i>Surcharge for corner stalls</i>	\$73.80
<i>Daily stall fee</i>	\$25.00	<i>Daily stall fee</i>	\$36.90
<i>Evening market fee</i>	\$10.00	<i>Evening market fee</i>	\$14.76

Services Provided to the Market

The Market FY 2014 Budget and FY 2015 Proposed Plan Memorandum highlighted the significant benefits associated with the increased expenses. The administrative support provided by market staff to facilitate token programs, operate the Evening Market, complete timely inspections, and provide convenience and excellent customer service to customers have resulted in new and secured sources of revenue for market vendors and support the market's mission to serve as a direct link between area farmers' fields and products, and our local kitchens and quality of life.

The approved increased budget for vendor inspections has allowed for an estimated 65 inspections to be completed by the end of FY14, up from 21 inspections in FY13. Since the beginning of FY14 on July 1, 2013, market staff has completed 1,495 EBT transactions (for customers participating in the Federal Supplemental Nutrition Assistance Program) and 1,275 transactions for customers utilizing credit card tokens.

2013 infrastructural improvements funded from the Parks Millage have included sandlot paving, concrete resurfacing to remedy tripping hazards, gutter repairs, and new market doors.

Summary

This information is being provided to the Market Commission in order to begin the discussion of how best to ensure that market revenue keeps pace with the market's current expenditures. The stall fees shared above that would fully cover the discrepancy between revenue and expenses are not proposed fee increases, but are provided as a departure point to facilitate discussion.

Prepared by: Sarah DeWitt, Farmer's Market Manager
 Jeff Straw, Deputy Manager of Parks and Recreation Services
Reviewed by: Colin Smith, Manager of Parks and Recreation Services