

MEMORANDUM

TO: Parks Advisory Commission

FROM: Public Market Advisory Commission

DATE: March 18, 2014

RE: Public Market Advisory Commission Resolution on the FY 2015 Proposed Budget for the Ann Arbor Farmers Market

Attached is the Public Market Advisory Commission (PMAC) resolution with our recommendations for the FY2015 market budget.

Since the beginning of Fiscal Year 2013, 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 been running a deficit. This has required the use of market fund balance to cover the deficit as recurring revenue generation solutions were explored.

The expenditure increases include 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. This support has resulted in new and secured sources of revenue for market vendors and supports the market's mission to serve as a direct link between area farmers' fields and products, and our local kitchens and quality of life.

Given this, in addition to the impending Governmental Accounting Standards Board (GASB) requirements for funding pension liabilities, PMAC supports the recommendation to move the market from an Enterprise Fund into the General Fund.

PMAC supports the move of the market to the general fund with the understanding that the available fund equity (commonly referred to as 'fund balance') at the end of June 30, 2014 will be closed to the General Fund but designated on the balance sheet as a commitment of fund balance. This means that the available fund equity will stay set aside for a future market need such as a capital improvement.

PMAC voted unanimously at their March 20th, 2014 meeting to recommend approval of fee increases for the FY2015 budget. Approval of these fees would help to cover general fund operating expenses and therefore require less use of fund balance (or eliminate the need entirely) to support ongoing annual expenses. PMAC also supports annual evaluation of future fee increases to generate the necessary revenue to cover the market's general fund operating expenses.

We consider this proposed budget fair, reasonable, and reflective of the market's efforts to support local farmers, artisans and food businesses while also providing access to the full diversity of our local community to shop at the market.

PMAC recommends that the Parks Advisory Commission and City Council approve the Administrator's recommended budget for the Ann Arbor Farmers Market.

PUBLIC MARKET ADVISORY COMMISSION RESOLUTION ON THE PROPOSED FY2015
BUDGET FOR THE ANN ARBOR FARMERS MARKET

Whereas, the market continues to serve as a crucial link between local farmers and residents, contributing to a sustainable local food economy;

Whereas, the market provides fresh, local food to the Ann Arbor community year-round;

Whereas, the market has expanded its efforts to provide customers with convenient, accessible shopping methods through a variety of token programs and translation efforts, resulting in secured and new revenues for the market's vendors, which requires additional staff time and administrative resources to facilitate these programs;

Whereas, the market's budget deficit beginning in FY2013 was jointly reviewed and discussed by staff and PMAC in order to identify potential revenue sources to support the market's operation into the future;

Whereas, the market has accrued a fund balance over time as an enterprise fund that is dedicated to supporting the market;

Whereas, the market could not continue to cover operating expenses as an enterprise fund, which would be compounded by the forthcoming impact of the Governmental Accounting Standards Board recommendations for pension liability;

RESOLVED, That the Public Market Advisory Commission recommends that the remaining available market fund balance continue to be restricted solely for market expenses;

RESOLVED, That the Public Market Advisory Commission supports the City Administrator's recommendation to move the market budget into the Parks General Fund beginning July 1, 2014;

RESOLVED, That the Public Market Advisory Commission supports the market's proposed FY15 budget as presented.