

Minnesota Farmers' Market Manual

A Comprehensive
Guide to Help
Farmers' Markets
Grow and Thrive





Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

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Your Minnesota Farmers' Market Association @ 2015

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Acknowledgements

For more information or assistance, please contact the Minnesota Farmers' Market Association, 9800 155th Street East + Nerstrand MN 55053; (320) 250-5087; info@mfma.org; www.mfma.org

MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

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Your Minnesota Farmers' Market Association © 2015

Your MFMA has never been more effective than we are in 2015! In the past few years, we have made huge strides to help farmers' markets in Minnesota thrive.

Education

We have written and received several grants that allowed us to offer new tools to you, our membership:

- a. Complete rewrite of MFMA's Farmers' Market Manual. It is now current and full of helpful tools for markets and vendors.
- b. Free food sampling kits for markets to offer food samples and cooking demos.
- c. SNAP EBT and market incentives for SNAP at various farmers' markets.

In 2015-2016, we'll be implementing our new USDA grant project, "Building Successful and Sustainable Farmers' Markets." The MFMA Board and staff will be soliciting ideas from market management and vendors as to what you need in order to be successful. This grant allows us to develop these ideas and then bring that training out to several locations in the state. Stay tuned!

Public Policy

In 2014, after 18 months of collaborating with all our stakeholders, MFMA got Minnesota Statute 28A.151 passed. This law now allows for safe food sampling and cooking demos to happen at farmers' markets *without any additional licenses or fees needed*. Additionally, gravity-fed handwashing stations are now acceptable as well; a huge benefit for markets and vendors with no electricity available at the market location.

In 2015, MFMA is once again working closely with many partners to revise Minnesota Statute 28A.15, subdivisions 9 and 10; also known as the cottage food and pickled items law. We are working to increase the dollar amount of gross sales allowed, allow non-potentially hazardous food sales from the kitchen to extend year-round (beyond the farmers' market season), and create food safety training specific to "cooking for the public from your home kitchen." Stay tuned!

Board and Committee Development

The MFMA Board has spent months revisiting the association's strategic plan, developing expectations of Board directors, establishing a committee structure to take better advantage of the vast talents of our market managers and vendors – to name just a few ways we're growing our association.

YOU will be invited to participate in whatever way best fits for you!

MFMA's Partners

MFMA has developed very effective working relationships with the Minnesota Department of Agriculture, Minnesota Department of Health, Minnesota Department of Human Services, and their many delegated authorities throughout the state.

MFMA is also a proud member of the following organizations that lend professional assistance to farmers' markets:

1. Farmers' Market Coalition
2. Market Umbrella
3. Minnesota Council of Nonprofits

MFMA's Board and Staff

Board Directors giving leadership to MFMA in 2015 are:

President Bill Boutang, Tamarack
Vice President Larry Golyer, Oak Grove
Secretary Alexandra Cortes, Minneapolis
Treasurer Ron Branch, Alexandria
Director Ruth Ann Campton, Park Rapids
Director Cecelia Coulter, Lindstrom
Director Doug Hoffbauer, Duluth
Director Dustin Vanasse, Linden Hills
Director Kirsten Bansen Weigle, St. Michael

The MFMA Advisory team consists of:

Ward Nefstead, University of Minnesota Extension, Waseca
Terry Nennich, University of Minnesota Extension, Bagley
Ruth White, Minnesota department of Agriculture, St. Paul

Staff members include:

Kathy Zeman, Operations Manager, Nerstrand
Jesse Davis, Outreach Coordinator, Bovey

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The MFMA is proud to deliver this completely overhauled 2015 Farmers' Market Manual to you!

The manual comes complete with resources at the end of chapters – *as well as additional resources available for free download on our website, www.mfma.org.*

The manual is for sale in hard copy, CD or flash drive.

Cost (includes handling and shipping)	Option
\$	Hard copy, in 3-ring notebook
\$	CD
\$	Flash Drive

To order your copy

1. To pay with PayPal or credit card, go to: www.mfma.org > Resources > Market Manual.
2. To pay with check or money order: **Minnesota Farmers' Market Association, 9800 155th Street East + Nerstrand MN 55053**

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Additional Information Request

Dear Reader:

Do you see any errors or typos in this manual?

Are you searching for information that is *not* yet in this manual?

If yes, please send your comments to us and we'll do our best to help you out!

Send all submissions to:

- Minnesota Farmers' Market Association, 9800 155th Street East, Nerstrand MN 55053 or
- info@mfma.org

Thank you for your assistance!

MFMA Board of Directors and Staff

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Farmers' Market Manual

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Chapter 1

Starting A Farmers' Market

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CHAPTER 1

Starting a Farmers' Market

HUMBLE BEGINNINGS

Farmers' markets have been great ideas for centuries. Minnesota's oldest running farmers' market first opened in 1852, over 150 years ago, in downtown St Paul, MN. Today it boasts over 170 vendors who sell fresh, local produce grown exclusively by the vendors. What started as a single location has grown to include over 20 satellite markets throughout the Metro area and beyond.¹

Minneapolis has also enjoyed a long farmers' market history, beginning with the Fruit and Vegetable Market in 1876, followed by the present-day Minneapolis Farmers' Market. The first market attracted over 400 vendors and customers. Nearby, the wholesale outlet and produce warehouse helped grow the Minneapolis market into one of the top fruit distribution centers in the U.S. in the early 1900's.²

Farmers' markets throughout the nation saw a decline in the early 20th century as irrigation systems and transportation capabilities allowed produce to be grown in large quantities and far away from consumers. By 1970, there were only 340 farmers' markets left in the country.³ Today, there are over 8,000 farmers' markets throughout the nation!⁴

Why the tremendous increase? Consumer demand for fresh local food and support of local farms and businesses provides part of the answer. But perhaps also driving this demand is farmers' markets role of filling vital needs in communities including addressing the need for healthy food access for all. Often farmers' markets set up in areas that lack sufficient options to purchase healthy food;⁵ some areas identified as food deserts, those in which all residents have low access to a large food retailer or where residents must drive more than 10 miles to reach the nearest grocery store⁶, rely on local farmers' markets to provide fresh, nutritious produce that otherwise would be unattainable.

The increase in access to and support for farmers' markets is a result of studies showing farmers' markets as vehicles for increasing the health and wellness of families who shop there.^{7,8} Farmers' market shoppers tend to be healthier than their grocery store-buying counterparts.⁹

Farmers' markets also support local economies and encourage business development.¹⁰ They allow small and mid-sized family farmers, who normally can't compete in the traditional marketplace, to sell their products directly to the consumer thereby keeping a sizable portion of the profits for reinvestment in their small business and local businesses.

"The earliest farmers' markets in America were simply a replication of the ancient markets staged in Europe. Boston held the first farmers' market to appear on American soil in 1634, while Pennsylvania's inaugural market entered the scene in Philadelphia in 1693. In keeping with the latter city's ethos of deliberate preparation it surpassed all others in making its market a considerably planned and regulated event, one which launched with flair each market day with the ringing of bells. Farmers on the Square, still continues this tradition today by signaling the opening of its market with the ringing of a bell each Wednesday at 3 p.m. sharp."¹

- St. Paul Farmers' Market web page

¹ (History of the St. Paul Farmers' Market, 2013), web page

² (About us: A Rich, Storied History Continues to Grow)

³ (Brown, 2001)

⁴ (USDA, National Count of Farmers' Markets)

⁵ (Stacy Miller, 2012), pg. 3

⁶ (Blanchard, 2007), pg. 2

⁷ (marketumbrella.org, 2012)

⁸ (The Effect of a Targeted Subsidy on Intake of Fruits and Vegetables among Low-income Women in the Special SNAP for WIC)

⁹ (O'Hara, 2011)

¹⁰ (O'Hara, 2011)

Farmers' markets have the capacity to act as incubators of small businesses, encouraging entrepreneurship, and help move businesses from the informal to the formal economic sector.¹¹ Studies suggest that farmers' markets contribute significantly to the local economy¹², from added jobs and increased foot traffic in city centers to the encouragement of innovation and business development. Area businesses benefit greatly from a market's presence; those businesses in areas with farmers' markets often do better than those without one.¹³

The social benefits of farmers' markets are numerous; they offer a common ground where people from urban, rural and business communities may interact.¹⁴ What begins as a business necessity for many small farmers usually evolves into a social event for entire communities, with many families and patrons viewing a trip to a Friday afternoon market, for example, as the start of their social weekend.¹⁵ The creation of a gathering place for community residents allows farmers' markets to facilitate neighbor to neighbor interactions. Add to the mix some education by way of cooking demonstrations and some family-friendly entertainment, and you have a winning social enterprise.

Social Benefits of Farmers' Markets



¹¹ (marketumbrella.org, 2012)

¹² (About us: A Rich, Storied History Continues to Grow)

¹³ (marketumbrella.org, 2012)

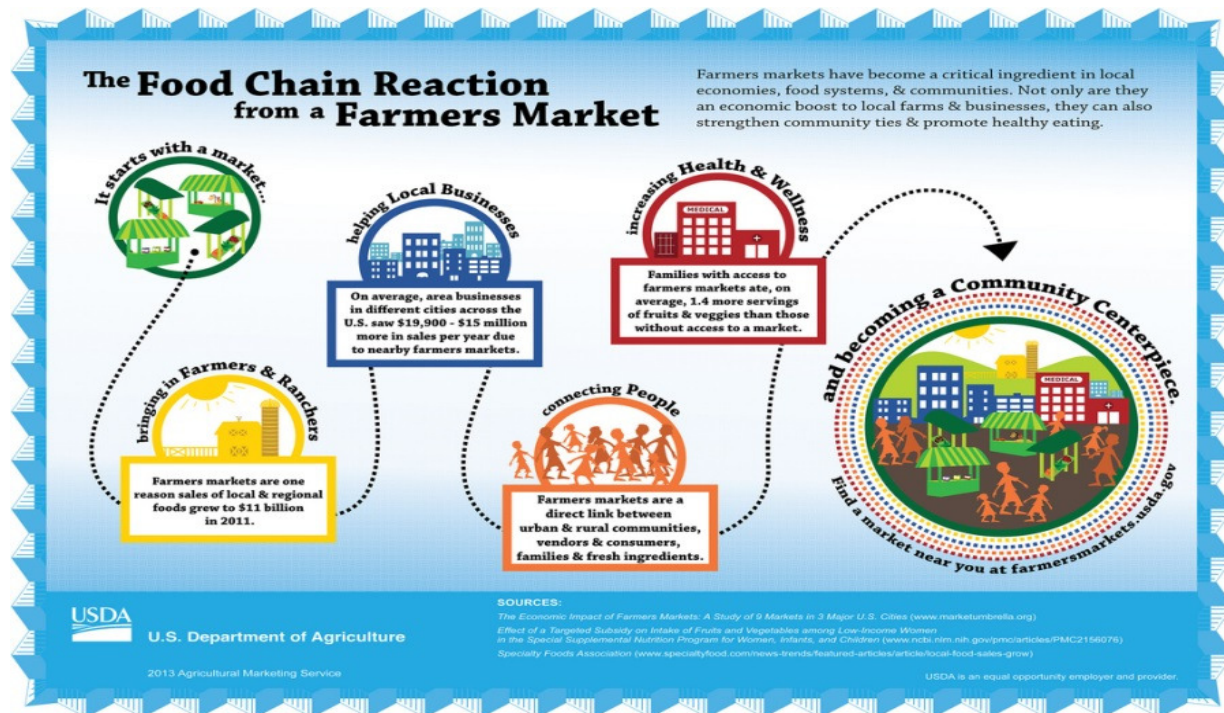
¹⁴ (marketumbrella.org, 2012)

¹⁵ (Alonzo, 2013)

Economic Benefits of Farmers' Markets



The graphic below, "The Food Chain Reaction from a Farmers' Market," further depicts the interactions between markets, local growers, businesses, residents, and the community.¹⁶



¹⁶ (USDA, The Food Chain Reaction from a Farmers' Market)

Farmers' markets have become a critical ingredient in our nation's economy, food systems, and communities by connecting rural to urban and farmer to consumer, and adding fresh ingredients to our diets. As economic and community centerpieces in cities and towns across the U.S.¹⁷, farmers' markets provide means of cost-effective investments in long-term community health, economic diversity and entrepreneurial success. These reasons alone present an opportunity for cities, counties and states to support the implementation and survival of farmers' markets wherever they happen to form.¹⁸

“Local” was the most influential product claim in 2012, according to the National Association of the Local Food Trade.

- Voight, 2012

CURRENT TRENDS

As of August 2013, there were 8,144 farmers' markets listed in the USDA's National Farmers' Market Directory (<http://search.ams.usda.gov/farmersmarkets/>). This figure represents a 3.6 percent increase from 2012.¹⁹ Between 2008 and 2013 alone the number of farmers' markets nationwide increased more than 30% as demand for local food continues to rise.²⁰

Minnesota mirrors this national trend; in the last ten years, the number of Minnesota farmers' markets has more than tripled to over 140 across the State.²¹ The U.S. Department of Agriculture ranks the Twin Cities with Chicago, Atlanta and Madison, Wis., as the nation's metro hot spots for farmers' markets.²²

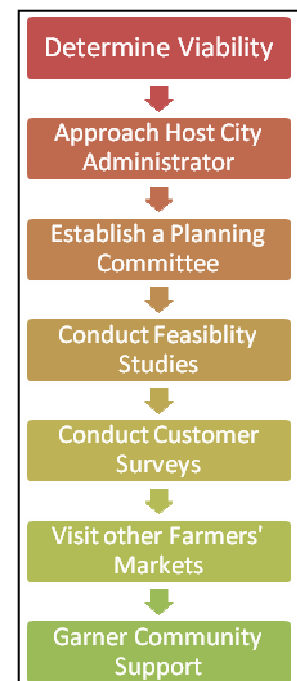
This growth is a direct result of the increased demand for fresh local food.²³ Customers want to know where their food comes from, who grows it and how. Increasingly, many are concerned with the nutritional value of the foods they consume, realizing that a tomato grown thousands of miles away probably does not offer the same health benefits as one they can find at a local farmers' market picked that morning. Worries about pesticides and contaminated packaged and processed foods also drive the trend.²⁴

Currently, supply and demand are moving in lock-step fashion at the local level making existing and new farmers' markets one of the better ways to satisfy customers' appetites for fresh, healthy and local food.²⁵

PLAN A FARMERS' MARKET

You've heard the phrase, “If we build it, they will come.” For organizing a farmers' market the better adage to follow should really be, “Failing to plan is planning to fail.” To the inexperienced eye, farmers' markets seem to happen effortlessly: vendors show up, pitch their tents, sell their produce, and then disappear until the next time.²⁶ Anyone who has been involved in running a farmers' market knows that there is a lot more that goes on behind the scenes and a lot that can go wrong if no one is at the helm. Markets are complicated; they require planning, community involvement and support, promotion, fund-raising, and much more.²⁷

Successful farmers' markets promote three goals: economic, community and health benefits. In general, in order to bring about these benefits, farmers' market organizers need to seek the support of the local community



¹⁷ (USDA, Farmers Markets and Local Food Marketing)

¹⁸ (USDA, National Count of Farmers Markets), pg 3

¹⁹ (USDA, National Count of Farmers Markets)

²⁰ (USDA, National Count of Farmers Markets)

²¹ (MNGrown, 2013)

²² (Giles, 2009)

²³ (Giles, 2009)

²⁴ (Giles, 2009)

²⁵ (USDA, National Count of Farmers Markets), pg.3

²⁶ (Nicholson, 2011)

²⁷ (Nicholson, 2011)

and the support of the host city or county government. On their end, city, county and state governments need to address the growth and importance of farmers' markets in their communities by establishing policies, regulations and licensing requirements targeted specifically at the farmers' market model.²⁸

The following discussion will center on the specific steps that need to be taken to ensure the successful planning of a farmers' market.

DETERMINE VIABILITY

Determining if a farmers' market is a viable option in your community is the first crucial step in planning a new market. This step includes, above all, assessing the availability and interest of local growers and producers. Without farmers, there is no farmers' market.

The available or planned location must be in a high-traffic area, preferably one easily reached by public transportation. One of the best ways to attract customers to your market will have a lot to do with how visible you are to them. You need to search high and wide to find a location that suits customers and vendors alike.

The interest and support community leaders show and are willing to lend to the project will help you determine their level of commitment. Starting a new market on your own or where there is a lukewarm reception to the idea will hamper efforts to fund the project and will most likely result in your burnout. You need the help of those in authority at every step but especially when issues arise and you need their backing.

Read publications by the USDA and the [Minnesota Department of Agriculture](http://www.mda.state.mn.us/food/business/farmersmarket.aspx) (<http://www.mda.state.mn.us/food/business/farmersmarket.aspx>) as you proceed with your plans; these documents provide guidance in setting up and maintaining a farmers' market. Also, there are many useful "how-to" manuals from other states that contain helpful information. These are referenced at the end of this chapter.

APPROACH THE HOST CITY'S ADMINISTRATOR

A new farmers' market will, without a doubt, call on the weekly support of those running your city. The more successful farmers' markets have the full support of the city machinery, from public works personnel to administrators. A quick meeting with whoever is in charge is a crucial first step in testing the waters of how the city will regard this new venture. Their full support is a cornerstone to a great market whether the market will fall under the city's umbrella or become its own non-profit entity.

"Modest public support for up to 500 farmers' markets each year could create as many as 13,500 jobs over a five-year period."

- O'Hara, 2011

Your city's administrator will have to clear the proposed location of your new market or offer alternatives, day and time of the operation and inform you of insurance needs and requirements. Signage will present its own issues; make clear the need for a semi-permanent sign visible to motorists every day throughout the market season. Check with city, county and state officials to ascertain the need for permits or right-of-way allowances. As with every step in this process, put everything in writing.

ESTABLISH A PLANNING COMMITTEE

Join forces with your local farmers, producers, neighbors, city officials, local business owners, chamber members and friends and start brainstorming. The more varied the group, the broader and better the vision.

Personally invite all those you wish to have on our planning committee for maximum participation. You may wish to announce such planning meeting to the community at large, but don't count on this form of recruiting to bring people to your first meeting.

²⁸ (O'Hara, 2011)

Some of the topics you may wish to discuss during the course of your first meeting may include:

- Number of days per week and months per year the market will operate
- Plan for a feasibility study: who will conduct it, when will the data be available, etc.
- Products allowed: produce only, value-added products, crafts, other
- Reselling policies
- Non-profit presence: will you allow fund-raising
- Entertainment: live or taped music, kid-friendly activities, volunteer or paid
- Plan for a winter/indoor market: location, hours, cost
- Source of financial support: identify businesses and organizations that might help
- Source of and recruiting plans for volunteers
- Who will undertake the following:
 - Choosing and/or creating a logo (run ideas by your city administrator before finalizing this part of the project, especially if the farmers' market will count on city support)
 - Naming the market (caveat as above)
 - Developing and maintaining a web site and social media presence
 - Communicating with the community via print, social media, posters and flyers²⁹

A good number of volunteers who can offer help in a wide variety of areas will ensure that no one person takes on too much. Avoid burnout by enlisting the help of those as committed as you and keep recruiting all season long!³⁰

CONDUCT A FEASIBILITY STUDY

Market research sounds ominous; however, it can be as simple as looking around your community and identifying a food desert, the lack of a farmers' market nearby or the lack of a market offering what your community needs. You don't have to spend thousands of dollars to identify a need for a farmers' market. The enthusiasm of your first committee members will also give you an indication of the need and possible success of a new farmers' market.

Your market research will need to include an assessment of the number of local farmers, growers and value-added producers who are looking for an outlet for their products in a venue like a farmers' market. Local conservation offices, the Farm Credit Bureau, Master Gardener groups, community garden groups, youth gardening groups, schools, and food-oriented organizations can help identify and put you in touch with potential vendors.³¹In the process, you will gain new vendors and inform those with farms that a new economic outlet for their products is taking shape. Some farmers may not have thought of participating in a farmers market so may not be ready to join when your market starts. However, if they see the market as an economically viable outlet, they might start getting ready for future participation.

Research Tools

- The **USDA's Agricultural Marketing Service** provides technical support and grants: <http://www.ams.usda.gov>
- **Bright Seed Strategies:** information and resources targeted to retail stores: www.brightseedsstrategies.com
- **Market Ventures, Inc.:** some of their studies have useful information.
- **Competitor analysis** is simple with the following templates and guidance: <http://www.entrepreneur.com/formnet/fo rm/60> and <http://sherpablog.marketingsherpa.com/research-and-measurement/competitive-analysis-tools/>
- **Occupational Employment Statistics:** help with identifying potential customers in your area: <http://www.bls.gov/bls/blswage.htm>

²⁹ (Terry Nennich, 2006), Ch. 2

³⁰ (Terry Nennich, 2006)

³¹ (Terry Nennich, 2006)

CONDUCT CONSUMER SURVEYS

Setting up a farmers' market with the customer in mind makes good economic sense. Having a clear idea of what the demand for fresh, local food is in your area, when customers would like to shop at a farmers' market, where they would like to shop, etc., will take the guess work out of setting up the most relevant market for your area. Customer surveys are best kept brief and to the point. Use online tools such as:

- **Wufoo:** survey tools discounted for non-profits, easy to use, flexible options; www.wufoo.com
- **SurveyGizmo:** more options, great fit for small and large organizations; www.surveygizmo.com
- **Google Forms:** free service, for small organizations, limit on the number of survey questions and the number of surveys, lots of templates; www.google.com
- **SurveyMonkey:** free, best-known, multiple survey capability, free for brief surveys, www.surveymonkey.com
- **Surveyz:** offers more complex products including reports and analysis, for professional researchers, costly but discounted for non-profits, www.qualtrics.com³²
- **Dot surveys:** these are free, interactive surveys you may place anywhere where people pass or congregate. The only materials you need are poster board and adhesive colored dots (see image at right).



Sample Dot Survey (Ragland, 2011)

Advertise the survey through your city's web site or other sponsoring agency's web site. Local businesses might also agree to help distribute the survey. In addition, an ad in your local newspaper with a link to your survey might be worth the cost. Links in your Facebook page and web site would also be good places to get potential customers to take your survey. These last two options, however, might not be readily available at the time you start the farmer's market inquiry process.

Include in your consumer survey questions such as the preferred location of the new farmers' market with choices such as the county library, WIC office, Health Department office parking lot, City Park, food bank, and church parking lot, and a few choices for hours and days that make the most sense for the community. Keep this initial survey brief and to the point.

By conducting surveys like this, you would not only find out where, when, and how to bring local food to your community, you would also identify key project partners. For example, if a health center is identified as the best location for a farmers' market, you could provide the necessary technical assistance, producer connections, and resources that health center needs in order to successfully start a new farmers' market.³³ In addition, you may be able to gather information about the local farming climate and whether it is decreasing, increasing or remaining steady, the interest of local restaurants for local food and the interest of area businesses in supporting the new farmers' market.

Find sample consumer surveys for starting a market [here](http://www.dnr.alaska.gov) (www.dnr.alaska.gov) and [here](http://www.chasetownship.com) (www.chasetownship.com).

Consumer survey tools are also a great way to assess the progress of your market throughout the years. They will help you identify strengths and areas of improvement. See Chapter 9 on "Managing Your Farmers' Market" for more information on surveys and evaluation.

³² (Socialbrite)

³³ (Strategies)

VISIT OTHER FARMERS' MARKETS

Take the time to visit other markets both in the area and outside your area; this will give you valuable ideas and information on programs that work and those that don't. Keep in mind that what works in a major metropolitan area might not work in a smaller town. Make adjustments as you gather your data. Start framing your own market character as you gather data from around your region.

The more you learn from other markets, the better your market start will be.

ASSESS AND GARNER COMMUNITY SUPPORT

Farmers' markets are all about building community; so take time to analyze the groups within your community that could be helpful to your market.

Government

Does your city government support a new farmers' market? What does that support include? Get a proposal you both agree with in writing. Talk with your city council members, city administrator, city parks programmers, chamber of commerce, health agencies, agricultural agencies, local food shelves, and local schools. Some of these entities may become sources of volunteers and will help spread the word about your market.

Faith Organizations

Some local churches are willing to host a farmers' market on their property, covering such things as liability insurance and utilities. Faith organizations also offer a means by which members can donate excess produce; some serve community meals on a regular basis, others offer help to those less fortunate. Talk with church officials to identify needs in your community; a new farmers' market that accepts SNAP benefits (Supplemental Nutrition Assistance Program, formerly known as food stamps) might be a welcome addition to the community. Again, members of the faith community may be looking for ways to volunteer in their community; helping with a new or existing farmers' market might be just the outlet these residents are looking for. Consider "snow birds" as sources for volunteers; when they get back to Minnesota, they are ready to reconnect with their community: what better way to do this than at the community's gathering place, your farmers' market.

Non-profits

Would they be willing to spread the word about the new market in exchange for a free booth on select days at the market? These organizations could be a way to build community loyalty to your market.

Schools

Some high schools may be sources of volunteer help or collaboration. Talk with the district's superintendent and principal to find out the level of partnership that could develop. Students form business clubs or service clubs that often include volunteering in their community. School gardens run by students may be looking for an outlet for their excess produce; partnering with these groups would ensure your net of influence reaches the youth in your community, their friends and family.

Regard the various community entities as partners in your quest to spread the word about your new market; build good will and your farmers' market will soon enjoy a choice place in your community.

Food Deserts

A food desert is defined as a geographic area of a certain size in which all residents have low access to large food retailers; that is, residents must drive more than 10 miles to reach the nearest grocery store.³⁴In the US, 803 counties have been identified as "low-access" counties.³⁵ The USDA

³⁴ (Blanchard, 2007), pg. 2

³⁵ (Blanchard, 2007), pg. 2

web site has a [tool for mapping food deserts](#) and exploring access to healthy and affordable foods nationwide. Starting a farmers' market in such a location will give your vendors exclusive market exposure and your customers access to fresh local food unlike never before.

OTHER CONSIDERATIONS

Farmers' markets and vendors must follow good business principles in order to succeed. Following are various topics you should consider as you build your plan to start a farmers' market.

Breaking Through the Myth of Cost

One of the often-cited barriers for customers shopping at a local farmers' market is the perceived notion that products found there cost a lot more than at a major grocer. Major food retailers do tend to have better prices for frozen juices, breads, cereals, meats and meat alternatives and canned vegetables. However, when it comes to fresh fruits and veggies, both small grocers and farmers' markets lead in better prices.³⁶ Others have found that the vast majority of fruits, vegetables, herbs and berries, especially at peak season and when considering organic labels, tend to be comparable or even cheaper at the farmers' market.³⁷

A study conducted by SCALE, Inc., (Sequestering Carbon, Advancing Local Economies), found that "when the lowest priced comparable item was used for comparison between supermarkets and farmers' markets, farmers' markets were the same or less expensive than supermarkets in 74% of all cases, by an average of 12% lower cost".³⁸

Competition also comes from traditional super markets that are offering a full line of local, organic or natural foods. Surveys show that consumers want safe, healthful, convenient food. They also care about the environment and the fate of U.S. farmers. To many, this translates into a desire to buy natural foods. While some people enjoy going to alternative retail outlets such as farmers' markets, many more want to buy natural foods without changing where they normally shop.³⁹ This fact belies the importance of conducting your consumer survey before deciding on a market location; if customers find it inconvenient to stop and shop at your farmers' market, they will go somewhere else.

Farmers' markets offer customers the opportunity to support local producers; no other retail outlet can boast that community connection. Support for fresh and local, however, will go so far. Make shopping at your farmers' market the event of the week; make your shoppers feel they have come not only to shop but to be part of your social enterprise!

Farmers' Markets and Small Businesses

Farmers' markets help small businesses gauge the viability of their start-up. They start to build a customer base and assess whether growing and selling home-grown and/or home-produced commodities makes economic sense. Experts say the growth of farmers' markets nationwide has helped thousands of entrepreneurs launch businesses "without incurring the massive overhead associated with the traditional brick and mortar storefront."⁴⁰

One of the many advantages of the direct-marketing model at a farmers' market is the ability of business owners, growers and producers to adjust almost instantaneously to the changing demands of their customers. They get to hear first-hand when customers like a product or when a recipe needs to be scrapped altogether.

³⁶ (Blanchard, 2007), pg. 6

³⁷ (Are the Farmers' Markets Really More Expensive?, accessed 2013)

³⁸ (Flaccavento, 2011), pg. 2

³⁹ (Richman, 1999)

⁴⁰ (Farmers' Markets Help Entrepreneurs Bud, Blossom, 2013)

Reasons Farmers' Markets Fail

A discussion on starting a farmers' market would not be complete without a careful study of why some farmers' markets fail. The rapid rise in the number of new farmers' markets masks the reality that, not unlike new businesses, large numbers of these close soon after they start. Recent research suggests that the dramatic increase in new markets masks the reality that many farmers' markets fail within their first few years of operation. Gone are the days when a new farmers' market was destined to survive through thick and thin. Close to 50% of new markets close after just one season.^{41;42} In Oregon, for example, between 1998 and 2005, 62 new markets opened but over 30 closed.⁴³

Many communities embrace supporting a new farmers' market without realizing that these markets today face stiff competition from other farmers' markets, supermarkets and other food retailers. Markets may fail for other reasons, including ineffective, uncompensated management, lack of resources and no community support.

In contrast, those markets that have been well planned and understand their strategic position and competitive advantage in the local market are more likely to survive these vulnerable formative years.⁴⁴

“Lloyd, Nelson, and Tilley (1987) found that farmers' markets develop in a sequence of three stages, with the probability that a farmers' market will succeed increasing as it moves to more complex stages of development. They found that the initial years of a farmers' market are generally marked by instability, lack of regular vendors, and reluctance by consumers to shop at the market regularly due to what they perceive as a lack of vendors and supply of products.

During the second stage, the presence of regular vendors, increased consumer patronage, and addition of larger producers increases the probability that the farmers' market will succeed. Over time, farmers' markets reach the third and final developmental stage, which is marked by substantial supply as well as steady consumer patronage. As markets grow, they also become more organizationally complicated.”¹

Researchers at Extension Service of Oregon State University conducted a study (http://smallfarms.oregonstate.edu/sites/default/files/small-farms-tech-report/eesc_1073.pdf) to find out if there were common reasons why some farmers' markets fail. Reasons cited include small markets (fewer than 30 vendors), markets staying small, over-worked, under-compensated and inexperienced managers, high manager turnover, reliance on a high number of volunteers for the day-to-day operations of the market, and inability to generate sufficient income.⁴⁵ Other markets have closed for different reasons, including a glut of farmers' markets in the area, poor location, lack of signage, lack of consumers, and high vendor turnover.⁴⁶

Others recommend having vendors manage most of the market's business. No one is more interested in the success of a farmers' market than those who are in the trenches, those whose livelihood depends on it.⁴⁷ However, vendors should concentrate on what they do best: grow and produce fresh local food. All vendors should have a voice; not all vendors have the business savvy, social skills and time to devote to running an enterprise as complex as a farmers' market.

Some recommendations for successful market ventures based on this research include:

1. Planning new markets carefully to ensure success
2. Pursuing community financial support⁴⁸

⁴¹ (Garry Stephenson L. L., 2006), pg. 18

⁴² (Garry Stephenson L. L., 2006)

⁴³ (O'Hara, 2011)

⁴⁴ (Fairhurst, 2010), pg. 1

⁴⁵ (Garry Stephenson L. L., 2006), summary

⁴⁶ (Balentine, 2012)

⁴⁷ (Roberts, 2012)

⁴⁸ (Garry Stephenson L. L., 2006), pg. 19-20

3. Focusing market resources on the local market and focusing collective resources to address state and federal policy⁴⁹
4. Structuring a management group appropriate for the size of the market⁵⁰ and one that is well-compensated
5. Continuing evaluation and outreach throughout the season and years⁵¹

A study by the USDA tackled the question of why competition for vendors and customers is so fierce for new and existing markets. The study found the right mix of vendors and customers needs to exist for a market to be viable. Vendors need to offer variety and quality to attract and retain customers.⁵²

Other studies show that customers, on average, travel up to 10 miles to attend a farmers' market. Locating your market within 10 miles of another may make sense; any closer and you are competing for customers.

Vendors, on the other hand, travel an average of almost 47 miles.⁵³ In rural communities, where towns are sometimes spread over longer distances, setting up a farmers market with the hopes of recruiting vendors from nearby markets might not make sense. Here again, the emphasis is on identifying vendors before you set up shop. In urban communities, where markets are in closer proximity to each other, it is not rare to see the same vendor at a different market every day of the week.

More strategies for ensuring that your farmers' market will remain open for business for years to come:

- Train managers and board members
- Transition manager from a volunteer to a paid employee
- Limit the amount of volunteer work
- Seek support from government and non-government organizations⁵⁴
- Plan new markets for rapid growth
- Set goals for growth: depending on your community's size, your market should grow 25% every year
- Start big
- Offer a wide variety of products to entice customers to stop by
- Compensate those vendors who are willing to give your new market a chance and those who stay with you year after year
- Ensure cash flow matches management needs⁵⁵

What makes markets successful?

- A great site
- A welcoming environment
- Engaged professional, compensated management
- A culture of public market shopping
- Great vendors

THE FARMERS' MARKET AS A BUSINESS MODEL

The farmers' market business model provides certain advantages over the traditional 'brick-and-mortar' establishments. They:

- Are unique in their ability to connect farmers with local customers
- Serve a key role in local food systems
- Break down barriers to local food access
- Promote civic agriculture
- Can be thought of as a social enterprise
- Provide a valuable outlet for small farmers
- Are small business incubators
- Provide both supply and demand directly

⁴⁹ (Garry Stephenson L. L., 2006), pg. 11

⁵⁰ (Garry Stephenson L. L., 2006), pg. 8

⁵¹ (Garry Stephenson L. L., 2006), pg. 12

⁵² (Luanne Lohr, 2011), pg. 1

⁵³ (Luanne Lohr, 2011), pg. 6

⁵⁴ (Garry Stephenson L. L., 2006), pg. 8-16

⁵⁵ (Market Venture)

- Comprise the most common form of direct marketing
- Are one of the few places where farmers can retain a higher portion of the consumer's food dollar ⁵⁶
- Provide farmers with real-time feedback and a high rate of adaptability

These advantages are coupled with significant disadvantages, including geographical and seasonal constraints, logistical and marketing issues, and policies geared toward commodity crop producers rather than farmers who sell a variety of crops to a local or regional market.⁵⁷

Cooperating With Other Organizations with Similar Missions

Competition among farmers' markets in close proximity is inevitable. However, surveys indicate that close to 60% of farmers' market customers attend more than one farmers' market. Forming a partnership with markets in a geographic area will pool resources together and send the message to customers that your interest is in offering food access to all. Goodwill among neighboring markets is good business practice.

THE NEXT STEPS

Once the need for a farmers' market is established, use the following chapters in this manual to help you set up a professional organization.

In addition, with the advent of so many new farmers' markets around the nation, there is a bounty of 'how-to' manuals. Although not specific to Minnesota, these publications do contain valuable and useful information. Check the following resources:

- From the USDA Agricultural Marketing Services, a general guide to starting a farmers' market:
<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3022129>
- From Iowa Department of Agriculture, a farmers' market development manual
<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5062527>
- From Oregon State University:
<http://smallfarms.oregonstate.edu/sites/default/files/TechReport22.pdf>
- From the University of California at Davis:
<http://www.davisfarmersmarket.org/new-farmers-guide/New%20Farmers%20Guide-v9.pdf>

Use the following checklist and the chart provided with this manual to guide your progress:

1. Identify the goal and craft a mission statement
2. Identify the structure desired
3. Recruit Board officers and volunteers
4. Craft bylaws⁵⁸
5. Craft articles of incorporation, if needed
6. Craft a vendor application and a manager application
7. Decide on vendor fees, manager compensation
8. Craft a farmers' market membership agreement⁵⁹
9. Identify and recruit available vendors
10. Identify financial support or establish a committee to secure financial backing
11. Advertise, promote and create an image for your farmers' market
12. Hold first vendor meeting!
13. Maintain a good credit reputation setting up good accounting practices
14. Maintain good records and minutes of meetings plus proper risk management including insurance
15. Get sponsors and others involved early

⁵⁶ (Stacy Miller, 2012)

⁵⁷ (O'Hara, 2011)

⁵⁸ (Rudgers), pg. 9

⁵⁹ (Rudgers), pg. 11

16. Write down the duties of each official member of your board or volunteer group and be ready to recruit and pass on to new members
17. Be innovative in reaching customers by choosing strategic hours and days of operation. Promote well and often
18. Strive for a year- round operation to keep people interested
19. Allow ramp-up time to get your market in the ideal situation; it usually takes several years for markets to establish and perpetuate themselves
20. Plan ahead for new opportunities and partnerships

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CHECKLIST TO START A FARMERS' MARKET

PLANNING STAGE	
<input type="checkbox"/>	Conduct a feasibility study to ascertain the need for a farmers' market in your community.
<input type="checkbox"/>	Identify a group of people willing to form a planning board/committee.
<input type="checkbox"/>	Identify market sponsors: city, businesses, foundations.
<input type="checkbox"/>	Decide on market structure: informal, incorporated, city-run, non-profit. Once the structure is determined, obtain the appropriate tax identification number in order to open a checking account.
<input type="checkbox"/>	Draft a mission statement for the market.
<input type="checkbox"/>	Draft articles of incorporation/organization.
<input type="checkbox"/>	Approach the City's Administrator and get approval for the market, if not already a city project OR find a business willing to host the market.
<input type="checkbox"/>	Decide who will provide insurance for the market (general liability and product liability).
<input type="checkbox"/>	Choose time and day.
<input type="checkbox"/>	Decide on length of the season.
<input type="checkbox"/>	Decide on whether to have an indoor market and where.
<input type="checkbox"/>	Decide on start and end date.
<input type="checkbox"/>	Decide whether to offer EBT, credit and debit. Apply early if yes.
<input type="checkbox"/>	Open a checking account for the farmers' market.

EBT/CREDIT/DEBIT STAGE	
<input type="checkbox"/>	Determine if your market is eligible (checking account or fiscal agent).
<input type="checkbox"/>	Determine if your market is a good fit for EBT/credit/debit: SNAP, WIC, Seniors.
<input type="checkbox"/>	Market sells at least 50% food products, including meat, dairy, baked goods.
<input type="checkbox"/>	Apply with the USDA http://www.fns.usda.gov/snap/retailers/application-process.htm .
<input type="checkbox"/>	Complete training with FNS.
<input type="checkbox"/>	Decide to accept Electronic Benefits Transfer (EBT) cards only or add credit/debit.
<input type="checkbox"/>	Purchase a Point Of Sale machine, laptop, mobile device or EBT card reader from DHS.
<input type="checkbox"/>	Choose merchant service provider.
<input type="checkbox"/>	Purchase tokens or paper scrip or receipts.
<input type="checkbox"/>	Develop accounting system.
<input type="checkbox"/>	Train vendors and staff.
<input type="checkbox"/>	Hire staff or find volunteers to run transactions on market day.

DEVELOPMENT STAGE	
<input type="checkbox"/>	Decide on type of market: grower/producer only, mixed (with crafts), mixed plus resellers.
<input type="checkbox"/>	Draft bylaws and/or regulations.
<input type="checkbox"/>	Create a business plan.
<input type="checkbox"/>	Develop a budget, include current and expected income.
<input type="checkbox"/>	Decide on accounting method: software, accountant pro bono or paid.
<input type="checkbox"/>	Advertise for an independent contractor manager or employee of the market position.
<input type="checkbox"/>	Independent contractor and intern agreement on file.
<input type="checkbox"/>	Decide on employee payroll (tax and insurance withholding, etc.).

DEVELOPMENT STAGE	
<input type="checkbox"/>	Complete and sign a Memorandum of Understanding with fiscal agent.
<input type="checkbox"/>	Accident report form on file.
<input type="checkbox"/>	Severe weather protocol on file.
<input type="checkbox"/>	Canopy safety protocol on file.
<input type="checkbox"/>	Musician agreement on file.

ACTIVE STAGE	
<input type="checkbox"/>	Join the local Chamber of Commerce group and other farmers' market organizations (MN Farmers Market Association, Farmers Market Coalition, for example).
<input type="checkbox"/>	Register with the Minnesota Department of Agriculture; join the MN Grown directory.
<input type="checkbox"/>	Apply for government grants to offer electronic payment capability, including EBT.
<input type="checkbox"/>	Recruit accountant.
<input type="checkbox"/>	Recruit vendors.
<input type="checkbox"/>	Recruit volunteers.
<input type="checkbox"/>	Design and print logo.
<input type="checkbox"/>	Design and print signs.
<input type="checkbox"/>	Design and print posters, postcards and other advertising materials.
<input type="checkbox"/>	Post posters and advertise in the local papers.

MARKET SEASON STAGE	
<input type="checkbox"/>	Hold your first vendor meeting.
<input type="checkbox"/>	Collect completed ST-19 Certificate of Operator Compliance forms.
<input type="checkbox"/>	Collect proof of product and umbrella insurance policies with farmers' market and host city as 'additional insured.'
<input type="checkbox"/>	Collect vendor fees.
<input type="checkbox"/>	Go through "Canopy Safety" protocol.
<input type="checkbox"/>	Review severe weather policies.
<input type="checkbox"/>	If hiring a manager, fill out proper tax forms: W2, W4, or I9.
<input type="checkbox"/>	If hiring a contract worker, fill out W9 and 1099 at the end of the season.
<input type="checkbox"/>	If hiring hourly employee, employee fills out W2. This will require extensive accounting.
<input type="checkbox"/>	If selling items for fund-raising, keep track of all sales and MN tax owed at end of season.
<input type="checkbox"/>	Recruit Board members.
<input type="checkbox"/>	Determine Volunteer duties.

RISK MANAGEMENT ¹	
<input type="checkbox"/>	Install and secure signs.
<input type="checkbox"/>	Store any signs, flags, or other markers before customers arrive.
<input type="checkbox"/>	Secure market tents with more than smooth stakes.
<input type="checkbox"/>	Tape or cover electrical cords.
<input type="checkbox"/>	Remove hazards from grounds: fill holes, remove debris.

¹ (Farr 2009)

RISK MANAGEMENT ¹	
<input type="checkbox"/>	Make local police be aware of your market dates and times.
<input type="checkbox"/>	Have your local police department number handy for non-emergencies:
<input type="checkbox"/>	Require proof of vendors' liability insurance.
<input type="checkbox"/>	Require proof of vendors' licenses, where applicable.
<input type="checkbox"/>	Have a fire extinguisher accessible.
<input type="checkbox"/>	Make an emergency preparedness plan easily accessible.
<input type="checkbox"/>	Have an incident report form easily accessible.
<input type="checkbox"/>	Have a farm inspection report filed and blanks accessible.
<input type="checkbox"/>	Safe place for cash box to prevent theft.
<input type="checkbox"/>	Scale for trade and commercial operations if vendors are selling by weight.
<input type="checkbox"/>	First Aid kit.
<input type="checkbox"/>	Medical Emergency contact person.
<input type="checkbox"/>	Insurance contact person.

FARMERS' MARKET ACCESS	
<input type="checkbox"/>	Clearly mark entrances.
<input type="checkbox"/>	Have handicapped parking available.
<input type="checkbox"/>	Rent a Porta-Potty.
<input type="checkbox"/>	No holes in park, no debris.

FUNDING	
<input type="checkbox"/>	Develop Sponsor Letter and send to potential sponsors.
<input type="checkbox"/>	Send sponsor letters by November of each year.
<input type="checkbox"/>	Identify fundraising opportunities.
<input type="checkbox"/>	Request funding from local Chamber of Commerce, Economic Development Authority or City Council.
<input type="checkbox"/>	Identify grantors by September and apply for grants.

FORMS INCLUDED IN THE 2014 MFMA FARMERS' MARKET PACKET	
<input type="checkbox"/>	Bylaws (sample: http://www.nyfarmersmarket.com/NYFM_Training_Manual.pdf , pg 120).
<input type="checkbox"/>	Articles of organization (http://www.sos.state.mn.us/index.aspx?page=1088).
<input type="checkbox"/>	Articles of incorporation (http://www.sos.state.mn.us/index.aspx?page=1082).
<input type="checkbox"/>	ST19 Certificate of Operator Compliance (http://www.revenue.state.mn.us/Forms_and_Instructions/st19.pdf).
<input type="checkbox"/>	Business plan.
<input type="checkbox"/>	Budget.
<input type="checkbox"/>	Retainer for accountant (search online).
<input type="checkbox"/>	Accident report form.
<input type="checkbox"/>	Severe weather protocol handout.
<input type="checkbox"/>	Canopy safety handout (http://www.wafarmersmarkets.com/resources/CanopySafety101.pdf).
<input type="checkbox"/>	Musician agreement to play original music (http://farmersmarketcoalition.org/letter-to-members-re-copyright-liability).

FORMS INCLUDED IN THE 2014 MFMA FARMERS' MARKET PACKET	
<input type="checkbox"/>	Independent contractor agreement.
<input type="checkbox"/>	Sample intern position description.
<input type="checkbox"/>	Sample independent contractor position description.
<input type="checkbox"/>	Sample sponsorship letter.
<input type="checkbox"/>	I9 (http://www.uscis.gov/files/form/i-9.pdf).
<input type="checkbox"/>	1099-MISC (http://www.irs.gov/pub/irs-pdf/f1099misc.pdf).
<input type="checkbox"/>	W2 (http://www.irs.gov/pub/irs-pdf/fw2.pdf).
<input type="checkbox"/>	W4 (http://www.irs.gov/pub/irs-pdf/fw4.pdf).
<input type="checkbox"/>	990 Non-profit reporting form (http://www.irs.gov/pub/irs-pdf/f990.pdf).
<input type="checkbox"/>	Insurance policy information (with market and city as "additional insured").
<input type="checkbox"/>	Sample vendor application (http://www.nyfarmersmarket.com/NYFM_Training_Manual.pdf , pgs. 130-133).
<input type="checkbox"/>	Sample manager application (http://www.nyfarmersmarket.com/NYFM_Training_Manual.pdf , pgs. 118, 119).
<input type="checkbox"/>	Sample Board position descriptions (http://www.minnesotanonprofits.org/search-results?query=job+description).
<input type="checkbox"/>	Sample board evaluation (http://www.minnesotanonprofits.org/search-results?query=sample+board+evaluation).
<input type="checkbox"/>	List of taxable and non-taxable items (http://www.revenue.state.mn.us/businesses/sut/factsheets/FS102A.pdf).
<input type="checkbox"/>	Board application.

Maple Grove Farmers' Market: A Case Study

Debbie Coss and Kirsten Bansen Weigle

The Maple Grove Farmers' Market began as the idea of a City Councilmember in 2003. He wanted locally grown agricultural products to be more available to residents. He also believed a farmers' market would work to build a sense of community in Maple Grove. After more than a year of research and planning, the market opened on Thursday, July 8, 2004. The market celebrated its tenth season in 2013. Although it has grown and changed considerably, the basic concept remains the same: it is a traditional farmers' market with a focus on locally grown or locally produced agricultural products.

The year of 2003 was spent researching farmers' markets to determine if a Maple Grove market was feasible and what type of market would be most appropriate. Many market managers were interviewed and a great deal of Internet research was done. From this research, it was determined that a market was feasible and that a fairly traditional market would best fit the community.

City staff members, with final approval of the City Administrator, worked to choose dates, times, and location, write guidelines, determine a fee structure, and develop an application. Staff also developed a mailing list to invite potential vendors to join the Market. Invitations were sent, vendor applications received and the market was on its way.

The Market is held in a parking lot at the Maple Grove Community Center, 12951 Weaver Lake Rd., every Thursday, 3 to 7 p.m. from mid-June through late October (October hours are 3-6 p.m.) Customer parking is in a large parking lot adjacent to the Market. Maple Grove's market is completely handicapped accessible.

The Maple Grove market was developed and is run much like any other City program, with assigned staff (with vendor input) making most decisions but with final calls made by the City Administrator. In the early years of the market, the City provided staffing for the market by incorporating market responsibilities into the job descriptions of two existing positions. These two market coordinators coordinated vendor approval, training, communications, market layout, and outreach/advertising. An independent market manager (paid out of vendor fees) was hired to be present during all market hours.

Over time, staffing has evolved to include one Market Coordinator and one Market Manager, both of whom are City employees. They work as a team on all aspects of the market, year-round. While the Market Coordinator has non-farmers' market duties as part of their full-time position with the City, she provides program oversight and serves as a liaison to the City of Maple Grove. Market Coordinator duties are approximately .4 FTE. The Market Manager oversees all aspects of market days, roughly .5 FTE. The market also employs a Market Assistant (5-6 hours/week) to help with set-up and takedown of the market each week as well as special events. New in 2013, the Market employed a Market Cashier to manage credit, debit, and EBT transactions. Several loyal volunteers assist with events, customer counts, and customer service.

All vendor fees go directly to support the market, covering promotion, advertising, special events, supplies, and market manager, assistant, and cashier salaries. Vendor fees in 2006 were \$200 for the 17-week market season, a fee that averages \$11.76 per week. Fee increases have been modest. In 2013, the basic fee for the 19-week season was \$250, or \$13.15/week. Members pay no additional fees, and there is no option of a weekly stall fee.

In order to cover the cost of additional staff hours, promotions, and special events, the market has developed and refined its sponsorship programs over the years. Sponsorship funds nearly equaled vendor fees during the 2013 season. The market strives to establish sponsorship relationships with organizations that share the market's mission, including health care organizations, community-oriented public relations firms, and grocers emphasizing whole, nutritious foods. Sponsors are also asked to promote the market to their own audiences, through publications, social media, and/or word of mouth.

At vendors' requests, a winter farmers' market was held in 2005-2006 inside the Maple Grove Community Center on the first Thursday of each month from November through May. Fourteen vendors participated (bread, pork, chicken, eggs, jams, jellies, cookies, honey, flax seed, nuts, hydroponic

tomatoes, cheese, and soaps). The winter market has evolved and currently operates on the first and third Thursdays of November and December from 3-6 p.m. Twenty-seven vendors are expected to participate in 2013 and per diem vendor participation IS offered for the indoor markets.

Vendor participation in the outdoor market has been as high as 70 vendors (in 2006 and 2007). In 2013, 48 vendors participated. Market staff feels that the ideal size of the market is between 45 and 55 vendors. At this size, vendors are more likely to be profitable and to prioritize attendance every week. Market design and layout is more manageable and the market layout can be more easily modified to accommodate the rare missing vendor attendance, while encouraging shoppers to circulate past all vendors. Careful attention is also paid to the balance of product offerings—making sure that specialty products, available throughout the season, are a solid proportion of the market and can “fill in” in the early and late parts of the season when produce is not as plentiful.

During 2013, products available at the Maple Grove Farmers' Market included vendor-grown vegetables and fruit, both conventional and certified organic; farmstead pork, beef, and chicken; several vendors offering artisan breads: canned goods including jams, jellies, vegetables, sauces, pickles, salsa, BBQ sauce, and more; sunflower oil, Lebanese specialties, honey, maple syrup, flax, pies, cookies, and other sweets; pasta; bagels; gluten-free mixes; and locally-roasted coffee. Ready-to-eat items included ice cream, wood-fired pizza, and Eastern European specialties such as pierogies and pierozhkis. No crafted items are sold at the Maple Grove Farmers' Market.

Market attendance averaged approximately 2,050 adults per week during the 2013 season. (The market counts customers entering the market for 20 minutes each hour in order to estimate daily attendance.) Customer averages during peak months (July, August, September) are closer to 2,500 per day.

The Maple Grove Farmers' Market benefits from its location at the Maple Grove Community Center, with easy access and good parking. There is an on-site playground and a walking trail. The on-site community center with aquatic center and hockey arenas provides cross traffic to the market. The market is easy to find and located near popular restaurants and shopping areas.

In 2013, the market relies upon earned media (news stories in print, broadcast, and online media), direct marketing (through 3,000-member mailing list and proactive social media presence on Facebook and Twitter) and word of mouth to continue to develop new customers and retain existing customers. Because the market is an initiative of the City of Maple Grove, it benefits from regular and prominent features in the City's award-winning newsletter and Web site. Annual direct mailings to health care providers, child care and educational organizations, and senior citizen centers also help to keep the market front and center in residents' minds. A-frame signs placed across the City on market day are a very important tool for reminding customers about the market.

The market features weekly live music (musicians are paid), regular chef demonstrations, occasional vendor presentations on special topics (beekeeping, canning and pickling, etc.), twice monthly participation by Master Gardeners, weekly Family Storytime, weekly attendance by local food shelf, and weekly free recipes which highlight produce at the peak of its season. Since 2010, the market has offered a customer loyalty punch card called the “Frequent Shopper Card.” Customers check in at the market information booth to receive a punch on their card. After five punches, customers receive a \$5 market token to spend at any vendor in the market. (Vendors are reimbursed by the market for these tokens.)

An important addition to the Market in 2013 was the ability to accept EBT, credit, and debit cards. The market received grants from the Minnesota Department of Human Services and the Minnesota Department of Health to purchase a wireless terminal and the tokens and signage necessary to implement the program. EBT usage was minimal but market customers responded very favorably to the credit and debit program.

The Maple Grove Farmers' Market will continue to work to create a very profitable market for vendors and a positive, upbeat environment for customers to purchase locally grown foods. Up-to-date information about our market is available at www.maplegrovesfarmersmarket.com or at www.facebook.com/maplegrovesfarmersmarket.



Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 2

Organizing Your Farmers' Market

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

CHAPTER 2

Organizing Your Farmers' Market

You have determined that a farmers' market is viable in your community and have received approval from your city or host location to start planning it; now it's time to get the details worked out. What will be the character of your market? Who will be participating? How will the layout be designed?

TYPES OF MARKETS

The market designation to use for your new market will depend on the type and number of vendors participating.

Farmers' Market

According to proposed legislation for 2014, the definition of a farmers market is “an association of three or more persons, who assemble at a defined public location for the purpose of selling their food products of the farm or garden directly to consumers.” Check MFMA’s web site for updates on this definition: www.mfma.org.

Produce and Craft Market

Some municipalities define a produce and craft market as a recurring event on designated days and times for agricultural producers, craft producers, home processors, market manufacturers, and market distributors.

Mini Market

This structure is limited to five or fewer vendors consisting primarily of agricultural producers.¹

Municipal Market

A municipal market is a city-owned and regulated market for the selling and buying of farm products and other market related products.

TYPES OF VENDORS

A vendor is mostly defined as a retail seller at a stall or booth. Both farmers and non-farmers selling at a farmers' market are vendors. Every market organizer will need to decide if and how to limit the type of vendors participating in his/her market. The St Paul Farmers' Market, for example, allows only growers and producers from Minnesota who grow and produce their own products to sell at their markets; no resellers are allowed. Other markets limit or exclude vendors selling home-processed foods or those vendors selling pickled foods under the “Pickle Bill.” It is up to the market manager, board or city to set the parameters of who may sell at their market.

Other terms commonly used for those participating at farmers' markets include the following:

Grower

A market vendor who sells products that are grown, raised or harvested on land owned or leased by the grower including vegetables, fruits, eggs, meats (without added ingredients), plants, flowers, honey, maple syrup, wild mushrooms, etc. (Also known as Agricultural Producer (http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/convert_274740.pdf.)

¹ (Minneapolis, 2013)

Wild Harvester

A market vendor who sells products that are grown and harvested on land that is not owned or leased by the harvester, and who is licensed according to Minnesota law or city ordinance. (http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/convert_274740.pdf)

Farm Processor

A market vendor who sells products that are grown, raised or harvested on land owned or leased by the farm processor and which products may have ingredients added that are not grown, raised or harvested by them on their land such as sausage, bacon, cheese, etc., and who is licensed according to city ordinances. (http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/convert_274740.pdf)

Meat/Poultry Processor

A market vendor who raises his/her own meat and poultry and processes it at a USDA-inspected plant, Minnesota-inspected plant, or a "Minnesota equal to" location (which, for poultry, can be located on the vendor's farm.) (http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/convert_274740.pdf)

Home Processor/Producer

A market vendor who sells home processed foods prepared by the market vendor who has control over the means and methods of production, assumes principal financial and liability risk for the production enterprise and who is not regularly engaged in the business of manufacturing and selling food.² (http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/convert_274740.pdf)

Food Market Manufacturer

A market vendor who sells and handles foods prepared for immediate consumption at the market and who is licensed according to Minnesota law or city ordinance. (http://www.minneapolismn.gov/www/groups/public/@regservices/documents/webcontent/convert_274740.pdf)

Reseller/Dealer

A market vendor who buys fruit, vegetables, meats, and other foods or plants wholesale for resale.³ Some markets allow the resale of hard-to-find products; the resale of products that are out of season or never available needs to be addressed in the market's bylaws. Resellers need a MDA reseller's license (See Chapter 7).⁴

Ready-to-Eat Food Vendors

Farmers' market organizers might consider allowing a few food trucks or ready-to-eat food vendors to attract customers. You may wish to accept those ready-to-eat food vendors who provide only local, fresh items made with produce and products from the market. Enhance the image you wish your market to develop by the vendors you accept.

² (Minneapolis C. o., 2013)

³ (Terry Nennich, 2006)

⁴ (Nennich, 2006)

Ready-to-eat food vendors are required to obtain food vending licenses (<http://www.health.state.mn.us/divs/eh/food/license/fplslicfs.pdf>) from the Minnesota Department of Health (see Chapter 13) before operating at a farmers' market or in any venue. Require proof of such licenses from all your vendors who sell ready-to-eat foods.

Community Tables

Residents living in close proximity to a farmers' market may approach the market from time to time with a request to sell their excess produce at the market. They view the market as a community enterprise, supported by and supporting local residents. Have a policy in place with allowances and restrictions for such an eventuality. Imposing a fee for a shared space, a community table, and restricting the geographic area from where such vendors come (for example, only those residents living within 10 blocks of the farmers' market) will accommodate your local residents while protecting your vendor base.

There are peddler/transient merchant ordinances in most cities. Chisago City, MN, for example, requires a \$25 per day or \$100 per month fee and registration with the City Administration before setting up shop to sell anywhere within the city limits. If peddlers/transient merchants set up near your market on market day, you may wish to talk with your city administrator and come to some compromise that benefits all.

LABELING REQUIREMENTS

There is both a legal and a marketing need for labels on food. The legal requirement was established to help protect public health: people need to know the list of ingredients in case they are allergic to any of them. And in case of a food-borne illness caused by the food, a label helps track down the place of origin so the vendor can take food safety steps to prevent a future outbreak. From a marketing perspective, labels help customers find the vendor again – for more sales!

Currently, processed and baked goods that are sold in any type of packaging require a label. The label must include the contact information of the seller, as well as the ingredients and any of the (current) eight identified allergens. For complete details, check with the Minnesota Department of Agriculture (<http://www.mda.state.mn.us/food/safety/basic-label-req.aspx>).

Once the Food Safety Modernization Act is implemented (expected sometime late 2015 – early 2016), it is possible ALL foods, including produce, eggs, etc., will require some kind of label.

Additionally, your market may need to address several gray areas, like the use of language such as “*pesticide free*,” “*hormone free*,” and “*produced with natural water*.” Will the market allow vendors to sell organic products under the \$5,000 exemption, or will it require full organic certification? Will the market allow certain vendors to sell home-made products under the “pickle bill,” or will the market require these products to be manufactured only in certified facilities?⁵

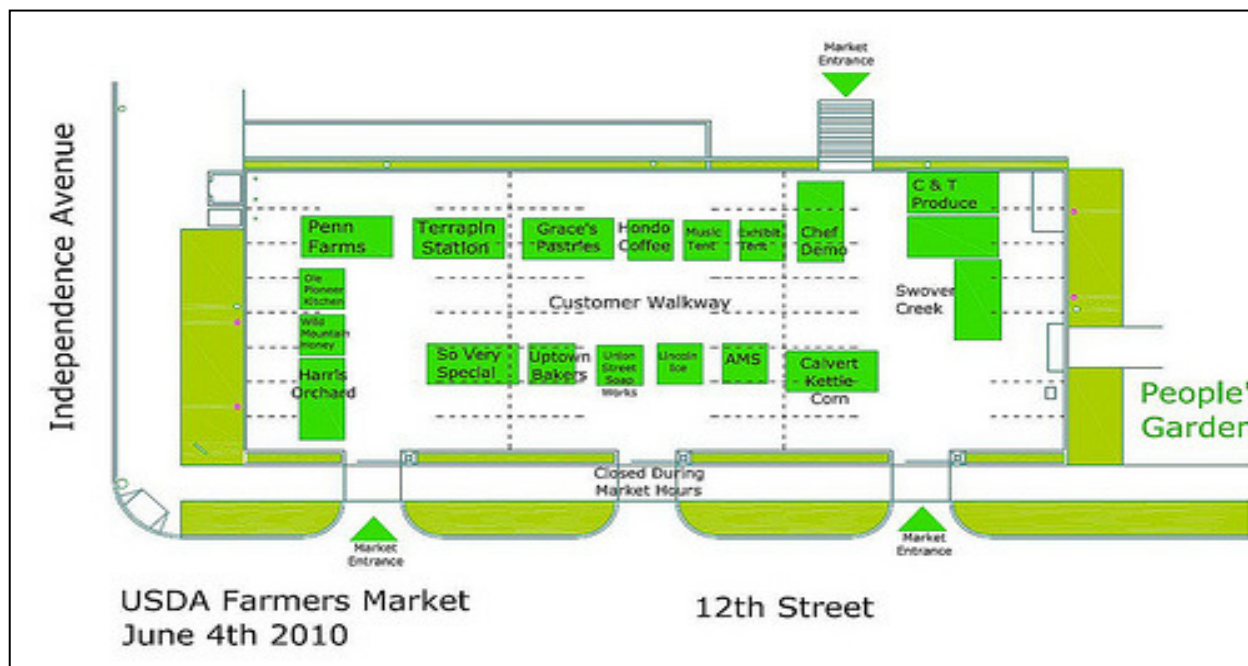
DESIGN AND LAYOUT ⁶

The process of developing the character of your farmers' market starts with a good design and layout for both the overall market and its vendors. Space for vendor displays, customer walkways, parking areas, and facilities such as restrooms must all be planned.

Outdoor markets held in public places such as parking lots and city parks will present different layout opportunities from those markets held in indoor, permanent structures. The following graphic illustrates a possible set up for a farmers' market in a parking lot:

⁵ (Nennich, 2006)

⁶ (Nefstead, The Design and Layout of Your Farmers' Market, 2006)



Assigning spaces to your vendors is crucial to the success of your market and your vendors' business activity. Take time to arrange your vendors for maximum impact, with anchor vendors (those vendors who bring a bounty of product, who are the most committed and loyal) occupying choice spots and those with colorful, clever displays occupying those spaces most easily noticed by your customers.

You will realize right away what arrangement works. Communicate with your vendors to let them know assignments might change for a few weeks before the final set up is reached. Once final assignments are made, it is good practice to keep the same arrangement year after year. Customers will look for their favorite vendors in the same spot; if the vendor is not where they expect to find him/her, they will assume the vendor is not at the market that day.

Allow a free flow of traffic among vendor stalls as well as space between stalls so vendors who need to enter and exit their space during a market may do so unencumbered.

Most large retail stores have learned that when people enter a store, they turn to the right, advancing in a counterclockwise pattern around the perimeter of the store; only later do they make a journey into interior aisles. An appropriate design for an outdoor market, then, might be a circular layout with interior spaces. Observe which direction consumers take as they enter your farmers' market and adjust vendor stalls for maximum impact accordingly.

At large markets, planners may elect to label aisles; they may also choose to provide customers with a map that shows vendor locations. If vegetables are separated from flowers and craft items, interior signage can also be used to direct consumers to various sections of the market. Use signage to engage your customers; let them know about the day's specials, where to find featured items and payment options. See Figure below.⁷

"We considered several locations and decided on the community center parking lot because it is centrally located in town, has easy access off the highways, and a high traffic count passing by each day. It also provides excellent parking, on-site playgrounds and toilet facilities. The community center draws a large number of visitors each day and we believe many of them also visit the market."

- Debbie Coss,
Maple Grove Farmers' Market

⁷ (Market, 2010)



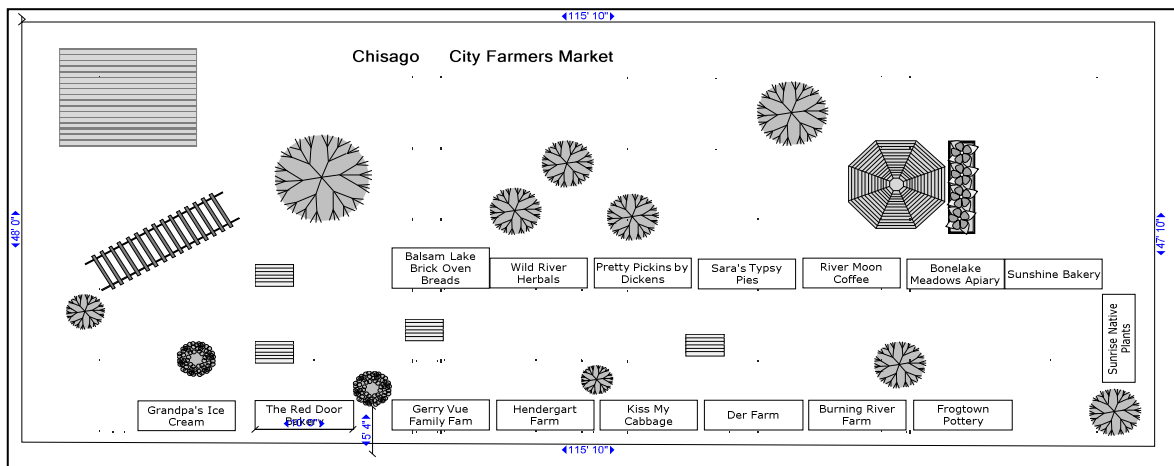
Market layout must take into account the space requirements of vendors as well. Vendors need space behind and around their stalls to allow for easy movement of inventory. Some markets offer permanent storage areas to vendors, depending upon the types of items that vendors sell.

The more information about the space you have, the better you will be able to visualize your market layout before the first market day and the fewer arrangement changes will be needed.

Planning a market layout to enhance customer relationships can also be wise. Customers appreciate seating spaces to rest or relax. They also appreciate any additional services that the market can provide: water and other refreshments, places to hold merchandise while they shop,

cooking or serving demonstrations, and assistance in transporting purchased merchandise. Some markets have shopping baskets customers use to carry items to their cars. Planners may want to designate a central space for making some of these services available. Blackboards are good backdrops for market information.

Design and layout factors extend to individual vendor booths as well. The way your vendors' merchandise is presented often means the difference between strong and weak sales for the vendors and an appealing or detracting atmosphere to the whole market. A well-designed booth fosters customer interaction with the vendor and the products that are for sale. More information on this topic for vendors is found in the vendor section of this manual.



Planogram Chisago City Farmers' Market by SmartDraw

Planogram features include trees, railroad tracks, gazebo, concrete surfaces, picnic tables and vendor stalls (rectangles). Note the precise measurements of the park area and the vendor

LOCATION⁸

One of the well-acknowledged principles of retailing is that the secret to success is “location, location, and location.” The selection of a new location for a farmers’ market is a critical aspect of planning for a new market. Studies show that markets located in a busy, yet not congested location which is well known and easy to reach tend to do better.⁹ A farmers’ market should be located near potential consumer groups (where they live, work, or shop), near areas with regular consumer traffic, and in a location that appeals to a wide range of consumers. Organizers of new farmers’ markets usually choose their sites from among the following: a busy intersection, a city park, county fairgrounds, a key city landmark, a downtown location, and a parking lot of a mall, store or business, church and school parking lots, courthouse grounds, athletic fields, city streets or sidewalks, and vacant lots.¹⁰

“Our market itself is now on city property next to the Lake Wobegon bike trail. Since that site lacks adequate parking, we rent adjacent parking from a local church.”

- *Angeline Dufner,*
St. Joseph Farmers’ Market

Each location has advantages and disadvantages. For instance, one of the advantages of using city or county property as a site is the possible insurance coverage provided by that government unit. Cost is also a factor in choice of site. Some locations may be used free of charge whereas others can carry a substantial fee. Site fees can have significant consequences for both market administrators and vendors. Rather than settling merely for what seems available, planners of a farmers’ market should make their decision about location based on a formal rating process that takes into account the factors listed above.

Visibility should be one of the major factors in choosing a location for a farmers’ market. Research on shopping at farmers’ markets indicates that the major reason for not purchasing at farmers’ markets is “inconvenience.” Attendance at farmers’ markets drops off rapidly when consumers have to travel more than five miles. Often customers learn about the location of a farmers’ market simply by “passing it by on the road.” Awareness of farmers’ markets is therefore greater where the likelihood of “passing it by” is higher and where recognition of signage is also greater.

Because knowledge of traffic is critical in choosing a location, it is important that those selecting a market site consult traffic flow data. Such information is available from the Minnesota Department of Transportation and from city and county planning departments. Having information about traffic flow becomes even more significant when market planners realize that a high number of customers report choosing a farmers’ market based upon seeing a sign when passing by the market’s location. This pattern suggests that trips to a farmers’ market may not always result from intentional preplanning but occur instead as additions to other shopping trips or as stops on the way to or from work. High-traffic locations, then, are better choices for market sites than are low-traffic ones.

Potential sites may also include areas where pedestrian traffic is significant. This feature is especially important in areas like Nicollet Mall, Minneapolis, where streets are enclosed and vehicular traffic is prohibited.

Also useful in determining optimal locations for a farmers’ market is geographic data. It can be garnered by using maps commonly referred to as Geographic Information Systems (GIS) data.

- ◆ GIS data pinpoint choice retail locations by using overlapping maps that reveal several kinds of information: customer residential location and proximity to a potential market location, characteristics of customers that research shows have a strong tendency to shop at farmers’ market, traffic flow data for customers who pass by a location, and other data that might affect a decision about choice of location.
- ◆ Claritas offers some demographic information, some free, that may help clarify your area’s potential farmers’ market consumers. Claritas offers Nielsen’s Lifestyle Segmentation Systems; this system defines every household in the U.S. by distinct lifestyle types, called “segments”, to

⁸ (Nefstead, Principles of a Retail Location)

⁹ (Zimet, 2003)

¹⁰ (Zimet, 2003)

provide a comprehensive picture of who lives where and what their habits are. You may use these insights to create more effective and efficient marketing strategies.

- ◆ MyBestSegments ZIP Code Look-up (<http://www.claritas.com/MyBestSegments/Default.jsp?ID=o&menuOption=home&pageName=Home>) lets you view your neighborhood's household segments within any ZIP Code. More advanced options require a subscription.
- ◆ Other potential consumer research options include Business Analyst online (<http://www.esri.com/software/bao>); this is a pricey option, but does include a free trial.



Other factors can be helpful in choosing a location. Planners might want to take into account the availability of benches, picnic tables and shade trees at the location, availability of public toilets or portable toilets, and access for vendors to storage facilities for their merchandise.

Easy and plentiful parking is another way to make stopping at your farmers' market convenient. Customers usually do not patronize a market if easy access to parking is unavailable; most are unwilling to walk more than 300 yards or a quarter of a mile to reach a market site. Shuttle buses can be used to alleviate distance barriers, although providing this service can be costly. Choosing a mall as a farmers' market site generally guarantees plentiful and accessible parking for customers because malls use a formula for planning parking spaces based on expected traffics. Having access to public transportation is another means of reducing parking requirements.

The size of a market's location must accommodate not only vendors but also consumer walkways, parking areas, roadways and future expansion. Those choosing a market site need some sense of the number of vendors they may expect or can accommodate as well the amount of consumer traffic that will likely occur. Plan on offering vendor stalls of no less than 8 feet by 10 feet. Some vendors will want multiple spaces because for them a larger display area usually results in more customer purchases.

Some markets may wish to offer shelter for vendors as a more permanent option. A market that intends to build sheltered space needs to plan for the extra cost that will entail. One of the main considerations for choosing the location of a market is whether the site will offer permanent or temporary stalls. Consider, for instance, the Minnesota State Fairgrounds, where many vendors have chosen to build permanent locations as opposed to occupying a temporary space. Having a permanent building site is one way to fix your location in consumers' minds. Planners choosing a market site also need to consider length of lease time. Long-term leases are often preferable to short-term ones.

Other considerations in choosing a site are the surface of the site (concrete, gravel, grass, or blacktop); shelter from wind and rain; location of water and electric supply; accessibility, including for handicapped customers; and zoning or building regulations. Some cities require vendors and market groups to fill out an application and acquire a license to operate in their city.

A new farmers' market will need to be located far enough away from other farmers' markets and other direct competition. Strive for maximum visibility from a busy road or highway; many shoppers will stop only after seeing your set up or signs for your market. Make the market easily accessible for these impulse shoppers.

Choose locations with easy accessibility by car, truck, bus and foot traffic, with plenty of surface parking. Since studies show farmers' market shoppers spend as much or more at businesses immediately surrounding the market on market days¹¹, your market location should be embedded in an area where the potential to influence downtown revitalization exists. The cost of leasing or renting market space will obviously influence where you choose to set up. Strike some agreement with the host city for reduced or no rent for at least during the start-up years. Include in the cost of the space the insurance costs as well.

¹¹ (MNGrown, 2012)

Again, a host city would be able to allow use of a public park for such an event at no cost to the organizers. Another venue would be the use or reuse of a historic building.¹²

TIME AND DAY

There is no *best* time to hold a farmers' market. The key is to find the optimal time and day that fits your community. When beginning the task of deciding when your market will be held, you have several aspects to consider. After the site of the market has been chosen, begin the process of selecting the time and day by first becoming aware of the available



times and days relative to the location. Are there other activities that prohibit the market from using the space you have chosen during specific days and times? Check with sponsoring organizations, such as the Chamber of Commerce or city government, for restrictions that you need to follow and for recommendations they might offer regarding hours of operation.¹³

Research completed in 2003 showed that the most popular market days tend to be Friday, Saturday, and Sunday. Mornings were customers' preferred shopping time. About 60% of customers traveled fewer than five miles; 22% percent traveled five to ten miles. No customer traveled over thirty miles.¹⁴

When you know the available days and times for your site, look at the markets within a two-hour drive of your market. When are they in operation? It is ideal to not compete with them. In fact, you may be able to recruit more vendors as well as more customers if you choose a day that is different from those of nearby markets.¹⁵

You will also want to analyze the needs of your potential vendors and customers to find a time and day that works well for them. You might survey potential vendors and customers about their interest in a farmers' market and potential days and times they would prefer. If vendors are already involved in other markets, prioritize the remaining days of the week. Can you help farmers and serve the needs of customers at the same time?¹⁶

"We didn't want to compete with Saturday markets in the area. We thought Thursdays would allow people to buy in preparation for the weekend."

- Debbie Coss,
Maple Grove Farmers' Market

Talk to businesses in the area of the market location. You may want to work with them so that each can promote the other. When are their peak and non-peak days and times for business? Choosing a non-peak time will increase customer traffic to the area (and possibly businesses' support of the market) on a typically slower day. Thursday evenings are often a time that downtowns are open later in the evening.¹⁷

There are communities that characteristically head to another area for the weekend and those that attract vacationers. Depending on where you live, choose the time and day taking these factors into consideration. Short summertime work weeks make Thursday evenings a good time to catch customers

¹² (Market Ventures, 2010)

¹³ (Crawford, 2006)

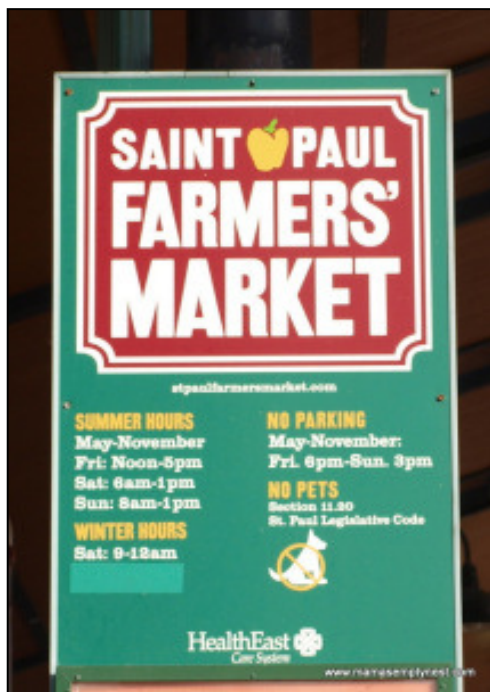
¹⁴ (Kent Olson, 2003)

¹⁵ (Vance Corum, 2001)

¹⁶ (Crawford, 2006)

¹⁷ (Crawford, 2006)

shopping for the weekend or before they leave on weekend vacations.¹⁸ If your community attracts vacationers, perhaps a weekend market will draw tourists to it.¹⁹



Saturdays and Sundays tend to be some of the busiest shopping days in various communities. A Sunday market may enjoy the advantages of plenty of parking in a downtown location; on the other hand, vendors may be unwilling to participate on Sundays.

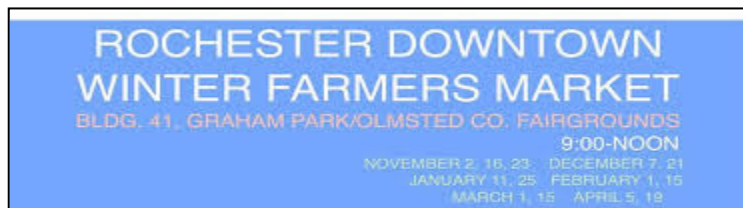
If your market is located in a business district, you might want your market open during the lunch hour or perhaps when people get off work. If you are located on a road that sees a lot of commuting traffic, it might be beneficial to be open after the work day. Keep in mind that vendors may be reluctant to stay late in the evening or to travel during rush hour. Utilize traffic count data as a tool to help decide your market's time and day. Your city administration has access to that information.

The length of time that the market is open each market day should be a concentrated selling time rather than a drawn-out day for everyone. Vendors want to be busy, and customers prefer to shop with other customers around them. For these reasons, start with a shorter time frame. You can extend your hours of operation when your vendor and customer bases

increase.²⁰

WINTER/INDOOR MARKETS

Season extension equipment and venues for vendors selling winter storage crops necessitates operating your market year-round; holding an indoor market will keep your customers in the "market routine" and extend the market season for your vendors. Late-season fruits and vegetables, crafts, value-added products, and all-season products such as meats, eggs, honey, syrup, and bread will ensure your indoor market has plenty of vendors. You might provide entertainment to encourage customers to stay longer. Or you might serve breakfast or lunch using ingredients found at the market. The St. Joseph Farmers' Market rents a heated facility one day a month during the winter. Although customer attendance is lower than it is during summer months, this market has been able to meet its costs of operation while also maintaining market awareness during the winter.²¹



City Community Centers make great places to hold winter and indoor markets. Other locations to consider are museums, vacant retail spaces, and church spaces.

¹⁸ (Cermak, 2006)

¹⁹ (Crawford, 2006)

²⁰ (Corum, 2006)

²¹ (Dufner, 2006)

MUSIC

Live music transforms any gathering into an event. Hiring local musicians to play an hour or two at your farmer's market will enhance the experience of your customers as well as entertain your vendors. Advertise on Craigslist, your local newspaper or your web site and Facebook page. Many musicians enjoy playing at farmers' markets and are ready to work out payment options with you.

Reserve a designated space for musicians at your market, one that does not interfere with your vendors' activities. Keep an ear out for music that is too loud or not loud enough. Be prepared to make adjustments during the time your musicians are playing.

Booking musicians is one part of this process. Rules and regulations apply to offering this service at your market.



Music at the Duluth Farmers' Market
(beadedheron.squarespace.com)

Buskers

Those performing music or other forms of entertainment at a public place on their own initiative, at no cost or for tips are called 'buskers.' Some cities, like Bloomington, have specific [guidelines](http://bloomington.in.gov/documents/viewDocument.php?document_id=6116) (http://bloomington.in.gov/documents/viewDocument.php?document_id=6116) for such performers. Mill City Farmers' Market in Minneapolis offers these [guidelines](http://millcityfarmersmarket.org/wp-content/uploads/2013/04/MCFM-Busking-Policy-2013.pdf): <http://millcityfarmersmarket.org/wp-content/uploads/2013/04/MCFM-Busking-Policy-2013.pdf>.

Hired Live Music

Whether market organizers charge ticket prices or pay their musicians, if such musicians play copyrighted music, that market, or the hosting organization, is legally obligated to pay a licensing fee, just as shopping malls, cafes, and other stores pay licensing fees in order to play recorded music over their loudspeakers, or host performing musicians. While farmers markets are altogether different establishments than shopping centers, the legal realities of music copyright laws cannot be avoided.²²

According to U.S. copyright law, any music, including from a CD you've bought or songs off your iPod, played outside one's circle of friends and family is considered a "public performance," and requires permission from the copyright owners. Buskers, volunteer and hired musicians all need to be covered under this license. A musician playing live might may potentially play copyrighted music — either his or her own, or someone else's, if they're playing a cover. That's the grounds upon which the American Society of Composers, Artists and Publishers (ASCAP) is basing its requirement that farmers' markets pay music-licensing fees.²³

No licenses are available yet for farmers' markets per se via ASCAP. However, the Farmers' Market Coalition (FMC) is petitioning ASCAP to establish one in the near future. At present, farmers' markets fall under the "shopping center" designation where fees are based on square footage. The most economical of these licenses costs about \$42 per day. If your market operates 30 days a season, for example, look to spend over \$1,200 in licensing fees. A sample application is found at the end of this chapter.

A Broadcast Music, Inc. (BMI) license may be more economical; BMI does license farmers' markets under their shopping center category. The least costly license covers an area of less than 100,000 sq. ft. and costs about \$320 per year.

The other option is for the farmers' market to be covered under a city or municipality's license. This license, from both ASCAP and BMI, costs \$327 per year. Cities are covered for every event they sponsor.

²² (Richards, 2012)

²³ (Richards, 2012)

Should you apply for an ASCAP or a BMI license? It depends. Each of these organizations holds the rights to different sets of music and musicians. If you want unlimited music selections at your market or your musicians play music from both lists, you'll have to apply for both.

Alternately, farmers' markets may wish to draw up an agreement with musicians that they play only non-copyrighted or public domain music. The FMC recommends incorporating the language below into a signed agreement with any musicians at your market:

"I am aware of U.S. Copyright Law and fully respect its authority with regard to the playing of live music. I hereby certify that any music played at ___ Farmers' Market is of my own authorship or in the public domain."²⁴

Direct any questions about your specific situation to the music licensing organizations yourself, or to a qualified lawyer. Contact ASCAP at 888-852-1432 and BMI at 615-401-2849.

As a last step in covering all issues related to music at a farmers' market, check city ordinances regarding music being played near other businesses. After all this work, be sure to enjoy the fruits of your labor; your customers will appreciate your dedication!

RISK MANAGEMENT

Accidents happen when we least expect them. Consider having an emergency action plan on site on market days. The Michigan Farmers' Market Association has put together a crisis management [flip chart](#) with procedures for most emergency situations you are likely to face on any given market day. No chart is a substitute for training all those involved with market activities. Take the time to go over the chart and procedures. Make updates as the season and years uncover new situations.

Canopy Safety

Most accidents at farmers' markets involve wind-blown tents. Even if tents are secured with sufficient weights (24-40 pounds per leg and spiral anchors), winds in excess of 20 mph may warrant not setting them up on market day at all.²⁵ Read [Canopy Safety 101](#) (<http://www.wafarmersmarkets.com/resources/CanopySafety101.pdf>) for complete details; here's a sample of their requirements:

"All vendors who wish to erect canopies (including umbrellas) at the farmers' market site during a normal period of market operations, including the set up and break-down period, are required to have their canopies sufficiently and safely anchored to the ground from the time their canopy is put up to the time it is taken down. Any vendor who fails to properly anchor his or her canopy will not be allowed to sell at the farmers' market on that market day, unless that vendor chooses to take down and stow their canopy and sell without it. Each canopy leg must have no less than 24 pounds anchoring each leg, and market umbrellas, 50 pounds. Alternatively, canopies may be secured on grass or unpacked soil by steel auger anchors or spiral tent stakes of at least 1/2" thickness and 12 – 15" length, properly installed and secured. Non-spiraled, straight tent stakes are not an acceptable canopy anchoring system. Holding capacity of auger anchor systems is dependent on soil conditions and density and may not be adequate in rocky soils."²⁶ No canopies shall be set up when winds are in excess of 15 mph.



²⁴ (ASCAP, BMI and Musicians at your Farmers Market, 2012)

²⁵ (WSFMA, 2013)

²⁶ (WSFMA, 2013)

Insurance Needs

Refer to a complete treatment of this topic in Chapter 9, Risk Management and Insurance.

In today's society, everyone involved with a farmers' market faces some degree of risk and legal exposure. Land and property owners, the farmers' market, sponsors, and vendors need to evaluate the amount of risk that they will be exposed to at a farmers' market. Contact an attorney or a professional who is knowledgeable about risk management to help assess this risk.²⁷

Insurance should be considered an essential cost of operating a market. The most basic coverage is for General Liability and Property Damage to protect the market operations. Larger markets with more complex internal structures might wish to consider directors and officers insurance, even when these officers work on a volunteer basis for the organization.

Both the Minnesota Farmers' Market Association (<http://www.mfma.org/pages/MFMAInsuranceProgram/>) and Campbell Risk Management Insurance (<http://www.campbellriskmanagement.com/farmers-market-insurance>) offer policies that protect the board of directors or steering group, whether volunteer or not. The Minnesota Farmers' Market Association, in cooperation with Stearns Insurance, also offers specialized policies for its member farmers' markets and member vendors at a reasonable cost. The usual minimum amount of liability required for an operation such as a farmers' market is about \$1 million per occurrence.²⁸ Insurance is also available for the market as a whole for members of the Farmers' Market Coalition through Campbell Risk Management Insurance.

Vendors also need to carry their own general liability and product liability insurance coverage and show proof of coverage. The reason for this requirement is two-fold. First, insurance protects the individual in case of a personal incident at the market or an issue with the products being sold; second, it often reduces the amount of premium a market must pay for general insurance. Many states require that all vendors at farmers' markets carry personal liability insurance.²⁹

Markets may wish to have vendors carry general liability insurance naming the sponsoring city or organization as 'additional insured.' Talk with your insurance agent about this option. Vendors should also contact an insurance agent to determine what level of coverage they require.³⁰ Through MFMA, Stearns Insurance offers low-cost options for vendors for as little as \$80 per year. The vendor liability program covers farmers and vendors only at farmers' markets and not roadside stands where the space is not leased to the vendor for the purpose of selling their goods. However, new in 2014, it does cover the costs to include the 'additional insured' clause in a policy.

OTHER MARKET ISSUES TO CONSIDER

- **Will the market allow members to sell other members' products on days those other members can't be at market?**

This question is often a concern for small producers who would like to pool their products, or for producers who have extra products but can't come to market every day.

- **What rules apply to becoming a member?**

Frequent concerns include the geographic location of the vendor in relation to the market's location, past production history, number of vendors carrying similar products, frequency of participation, and the like. Market bylaws should always contain a statement indicating that the

²⁷ (Nennich, 2006)

²⁸ (Nennich, 2006)

²⁹ (Nennich, 2006)

³⁰ (Heath, 2011)

market board or advisory group may accept or reject any applications in the best interest of the market.

- **Will the market require an annual plan from vendors?**
Planning publicity effectively requires that management know how much and what products from which vendors will be available at the market.
- **How will market members be notified of market violations?**
Enforcement of rules in farmers' markets can be very difficult. Obviously there are minor situations when simply mentioning a problem will suffice. At other times it will be necessary to issue written statements of violation. Whichever the case, a market needs to devise consistent and fair procedures for notifying members of violations. Adopt a plan of action that includes starting with a verbal notice and continuing with a written notification.
- **What penalties exist for violating the market rules?**
Before the market season begins, market management must have decided on clear and understandable consequences for rule violations. It must also know who assesses penalties—the market manager, the board of directors, the advisory group or the city council? Is there an appeals committee? At what point is a member expelled from the market?
- **Will the market inspect farm and vendor operations?**
The market may wish to have procedures in place for conducting inspections or visits to a producer's farm or a vendor's home or place of business. Sometimes a market manager or other vendors may question whether a producer is actually raising the products that he or she is bringing to market. Some market managers require producers to keep production records.
- **Will the market manager attempt to maintain reasonable prices at the market?**
Markets have been dealing with this issue for ages. Some markets publish minimum suggested prices. Other markets require all growers to calculate the cost of production and bar them from selling under that figure. Sometimes the only thing a manager can do is to talk to the individual vendor about how selling at low prices adversely affects the market. Your market bylaws should state that undercutting practices will not be tolerated.
- **What forms will vendors need to sign to ensure management that vendors understand and will follow the rules and regulations of the market?**
Market management should obtain copies of forms signed by vendors stating that they understand the rules and regulations of the market. Management should also obtain copies of special forms if vendors are operating under special rules, such as "certified organic" or the "Pickle Bill." Having vendors sign such forms helps vendors realize that the market is taking their activities seriously and that they must also do so. In addition, face-to-face meetings before the season begins will give management the opportunity to directly address this important issue and receive vendor feedback.

CONCLUSION

Organizing a farmers' market takes educated planning and a keen eye for marketing. Keep customers coming back by enhancing your farmers' market image. Create an experience by keeping in mind the three pillars of great markets: FARMERS - CONSUMERS - COMMUNITY. And reinforce your brand at all times; your logo should be seen everywhere and recognized by everyone.³¹



³¹ (Creating an Experience n.d.)

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Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 3

The Structure of Your Farmers' Market

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets
across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota
farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

CHAPTER 3

The Structure of Your Farmers' Market

Whether your market is in the planning stages or has been in existence for a long time, plan on establishing a legal identity separate from the market organizers, manager or volunteers. How the market is structured, or not, and how it is governed are of extreme importance.¹ The organizational structure you choose for your farmers' market will reflect your market's mission, short and long-term goals and community support. It will dictate how you deal with vendors, sponsors, the IRS, and it will influence every decision your market makes.

To facilitate the process of structuring your farmers' market, focus on the main purpose of the new market or the direction of your existing one. Is the farmers' market being formed for the sole economic benefit of its vendor members? Is the market taking on the characteristics of a social enterprise, focusing on charitable endeavors, or is it part of a municipality?

Seek out the expertise and help of professionals and sponsors early on.² They will play a key role in the future of your farmers' market and will help decide which structure is best for your farmers' market.

The following includes a general overview of structuring your farmers' market. The information contained in this chapter and manual is intended for informational purposes only and does not constitute nor replace professional legal or financial advice. Hire an attorney, hire an accountant and, above all, do what they tell you.³

RISK ASSESSMENT

Insurance requirements will vary whether you are a vendor participating in a farmers' market or a market organizer. Chapter 12 on Risk and Insurance gives a more detailed treatment of this important topic.

ZONING ISSUES

Zoning restrictions may govern the placement of mobile structures on the space you wish to occupy. Other permits may be needed, too; check with your city or county offices. Pay particular attention to regulations governing the placement of signs and the length of time these can be placed on a roadside. Signs placed along roadways, parks and corners are one of the most significant means of letting customers know where your market is located. Check with the Minnesota Department of Transportation as you plan the location of your signs; MNDOT can pick up signs placed within a certain distance from state roads' right-of-way regardless of how long they have been there. Call MNDOT at (651) 296-3000 for more information. In the Metro, call (651) 234-7558, Right-of-Way Department. For outstate MN call Joe Pignato at (651)366-3503.

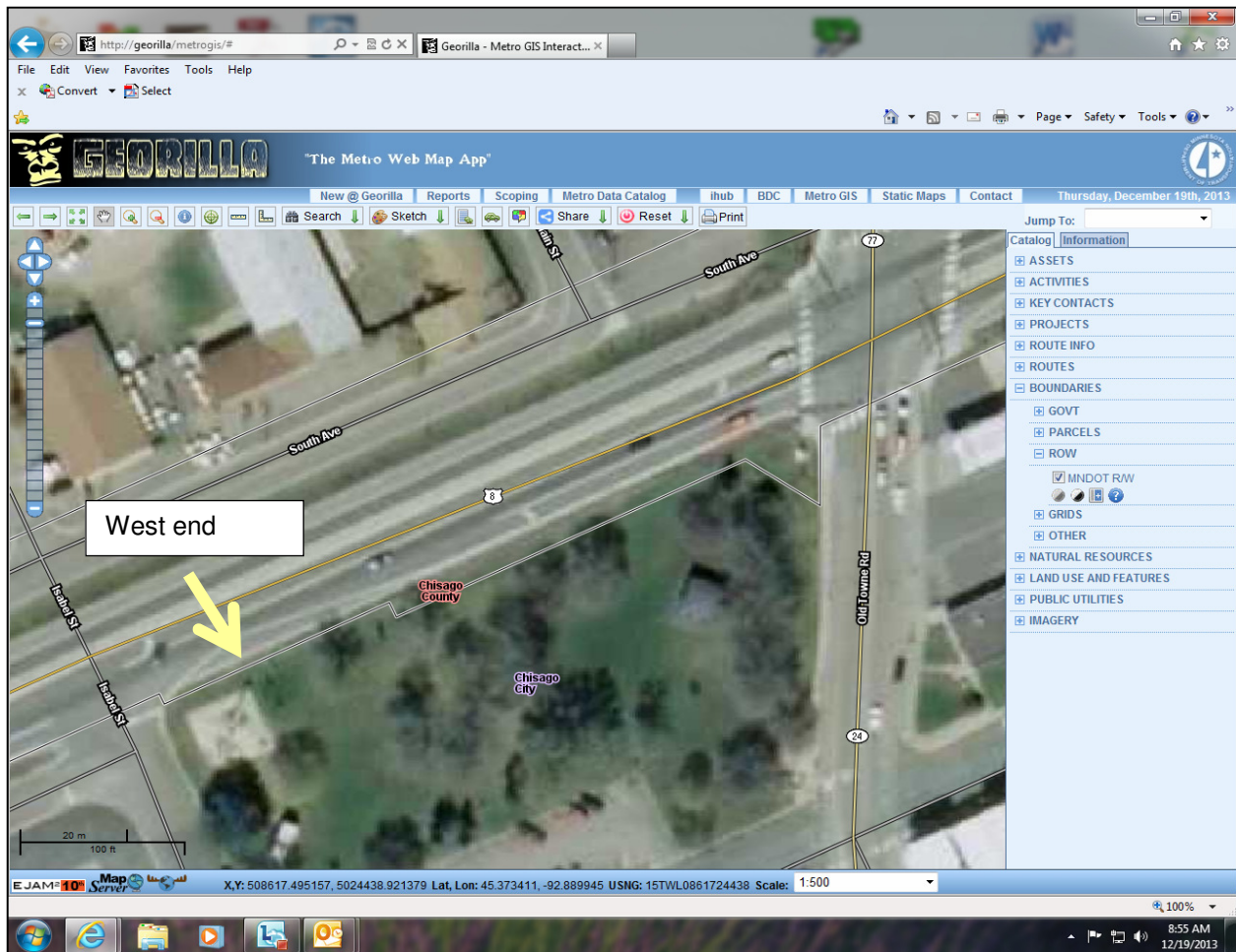
If you live outside the Metro area, contact your county office first. The county has access to the Geographic Information System website (Georilla GIS) and can provide you with more details as to your location's right-of-way. Generally, the 10 or 15 feet of private and public properties are owned by the state and are regarded as the road-right-of-way. Do not place signs within that zone. Your county office can also provide you with pictures of your parcel showing all boundaries.

The following picture shows the location of Moberg Park in Chisago City. Note the boundary lines along the park: the right-of-way zone is considerably smaller on the West corner of the park, therefore, allowing signs at that end to be placed much closer to the road and left there for a longer period of time without concerns that MNDOT will need to remove them.

¹ (Nennich, *The Legalities of Running a Farmers' Market*, 2006)

² (Nefstead, Interview, 2013)

³ (Nefstead, Interview, 2013)



FINANCIAL CONSIDERATIONS

Establishing a bank account for your farmers' market will ensure accountability and facilitate transactions and bookkeeping. In order to open a bank account on the farmers' market behalf, the market organizer will need to request a federal employer identification number, also known as an EIN number; this number can be acquired for banking purposes only.⁴ Apply for an EIN online through the Internal Revenue Service web site (<http://www.irs.gov/pub/irs-pdf/fss4.pdf>); this is a free service. Make sure you indicate on the form that you are requesting an EIN only to establish a bank account.

Alternately, minutes from a formal meeting designating a treasurer who is allowed to sign checks on behalf of the organization may suffice. Check with your local bank. New managers and other members of the board may be added to this bank account as persons able to sign checks.⁵

A bank account enables the market to issue payments for various activities and it prevents an individual from depositing funds on a personal account and of having vendors and the market pay cash for fees or services.

Keeping track of income and expenses via a cash flow template (<https://nonprofitsassistancefund.org/resources/item/cash-flow-template>) is of paramount importance. Everyone involved with the market will need to know how funds are being handled year to year. In addition, a balance sheet (<https://nonprofitsassistancefund.org/resources/item/balance-sheet-heat-sheet>), showing a breakdown of assets, capital and liability, and an income statement are good means of keeping detailed records.

⁴ (Organizing and Maintaining your Farmers' market, 2009), pg 7

⁵ (Nefstead, Interview, 2013)

The state of Minnesota recognizes farmers' markets as organized events and requires each vendor to fill out **Form ST-19** (http://www.revenue.state.mn.us/Forms_and_Instructions/st19.pdf), Operator Certificate of Compliance, and file it with the organizer of the market. Failure may result in fines to the market and vendor. Even if your vendors do not sell taxable items, they must fill out the form. All market organizers need to keep these forms for at least 3 years; the forms do not need to be turned into Minnesota Revenue. Vendors selling taxable items are responsible for e-filing their Sales and Use tax return.⁶

Each vendor will need to assess whether to file **MN State taxes** (<http://www.revenue.state.mn.us/Pages/default.aspx>) quarterly (if taxes owed exceed \$500) or annually, for amounts below \$500. Federal taxes on income earned at the market also need to be declared. For the incorporated, income earned at the farmers' market is declared as personal income. However, certain expenses such as for equipment, phones, computers, rent, etc., incurred during the course of your business may be deducted, thereby decreasing your tax liability. Those that do not incorporate may not claim any deductions for business expenses.

In order to keep business and personal accounts separate, vendors will benefit from establishing a separate business identity by applying for an "assumed name" or a "DBA" (doing business as) with the office of the Secretary of State in Minnesota. There is a small fee associated with this transaction. Minnesota Revenue does not look well on those vendors who co-mingle personal and business funds and accounts. Establish a separate identity, make sure your customers write checks to your business, and keep detail track of all transactions.

Other useful tax fact sheets can be found at Minnesota Revenue's website [here](http://www.revenue.state.mn.us/businesses/sut/Pages/fact_sheets.aspx) (http://www.revenue.state.mn.us/businesses/sut/Pages/fact_sheets.aspx).

EMPLOYEE CONSIDERATIONS

Hourly employees of the organization will need to fill out a **W-4** (tax withholding form) (<http://www.irs.gov/pub/irs-pdf/fw4.pdf>). Each month, pay the employee and subtract the following taxes:

- Federal withholding
- Social Security
- Medicare
- Minnesota withholding

An employer must report income paid on a quarterly or annual basis using form **941** (<http://www.irs.gov/pub/irs-pdf/f941.pdf>). Contract with an accounting firm to assure your organization is meeting all employment requirements for hiring and taxes.

Contract Employee or Intern

Hiring contract employees will probably necessitate higher compensation, as the employee will need to pay self-employment taxes (Social Security and Medicare). An intern may be a paid or an unpaid position; either way, you need to make sure your intern description, requirements and benefits are within the IRS' parameters.

In either case, the employee must fill out federal form **I9** (<http://www.uscis.gov/sites/default/files/files/form/i-9.pdf>) for proof that he/she is a legal citizen of the USA or resident alien. At the end of the fiscal year, provide the employee with a **1099-MISC** form (<http://www.irs.gov/pub/irs-pdf/f1099misc.pdf>), listing all the wages the market paid to the employee if those wages exceed \$600 (2014 level). Request a paper copy of the form from the IRS, as the one online is not scannable.

What is not reported on a 1099:

- Payments for merchandise (i.e., reimbursements for materials bought for the market).
- Taxes

⁶ (Nennich T. T., 2006)

- Some forms of revenue may jeopardize the privilege of tax exemption. Refer for Publication 557 for details and your tax accountant.

Contract or intern employees must fit the IRS definition of an independent contractor or intern; draw up a contract that reflects those parameters (refer to Chapter 5 “Managing Your Farmers’ Market” for this information). If in doubt, the IRS offers a service that can help an organization ascertain the proper designation of an employee.

Seasonal Employees

Your organization may wish to hire a limited term, seasonal employee. The contract for such an employee is generally for no more than 180 consecutive days, with at least 30 days of inaction between seasons.

BUSINESS STRUCTURES

Following is a brief description of the different business structures you can choose for your farmers’ market, and the advantages and disadvantages of each.

1. INFORMAL GROUP: UNINCORPORATED, UNASSOCIATED

In its simplest form, a farmers’ market may organize as an informal group of vendors, the only rule being the time and date of their gathering. Participating vendors may be asked to pay a fee in order to cover the costs for signage or an ad in the local paper.

Advantages

Advantages of this informal market structure are few rules, small budgets and limited management needs. However, informal organizations preclude quality control, group liability protection, tax status, and usually do not generate income that might be needed to lease property, to advertise or to hire a manager or other professionals.⁷

Disadvantages

Small markets that choose not to become formally organized or that accept non-incorporated vendors increase the board members’ and the individual members’ liability.⁸ An incident involving an unincorporated organization may put personal assets of vendors, board members, volunteers, or others at risk.⁹ All of those participating in your market need to be made aware of these limitations and risks.

By incorporating, the organization becomes a legal entity and can only be liable for the assets of the organization. In the same way, individual vendors who form their own business legal entities will be protecting their personal assets. Were some mishap to take place at the market or an issue to arise due to product concerns, it is only the corporation’s assets that may be placed in jeopardy.

Vendors may think their personal assets are protected when they purchase personal, product and umbrella insurance policies. However, “insurance policies will pay out in most all liability situations, but if something major were to happen and those limits exhausted, or if a situation arose where insurance did not provide coverage, then the only way to protect personal assets would be the corporation and only those corporate assets would come into play.”¹⁰

The individual, business or city willing to provide a public place to hold a farmers’ market will usually cover liability insurance at the location. Make sure you know what the insurance situation is before your first day. However, those hosting an unstructured farmers’ market may ask the individual vendors to name the municipality or business entity as “additional insured” in the vendors’ insurance policies and vice versa.¹¹ This phrase means that the vendor and the city, business or market will be covered under the one policy. Some insurance agencies charge a fee for adding this clause (\$25 in some cases), and others,

⁷ (Davis, 2013)

⁸ (Nennich, The Legalities of Running a Farmers' Market, 2006)

⁹ (Nonprofits, 2013)

¹⁰ (Simonsen, 2013)

¹¹ (Farr, 2009), pg 18

especially Stearns Insurance through the MFMA, offer policies exclusively for farmers' market vendors which include the addition of this clause.

2. UNINCORPORATED VENDOR ASSOCIATION

Step up the organizational ladder and your farmers' market might wish to organize as a more formal Vendor Association. Although not a legal entity, this group usually has written bylaws, vendor fees, a committee or board made up of market vendors, a name and a logo.

Advantages

The advantages of this association include written statements of expectations, an identifiable manager and a board designed to make decisions for the whole group. Rules and regulations direct the organization's activities and spell out responsibilities.¹²

Disadvantages

The risks associated with an informal group of vendors (see above) apply to this group, as well. Tax, financial and risk management considerations are similar to those discussed above since an unincorporated vendor association does not have the protection of a legal entity.

When does a market reach the point of needing a legal structure? When it has gained sufficient growth and capital and needs to acquire major assets, obtain significant funding,¹³ or when risks to members outweigh the few advantages of not incorporating.

3. INCORPORATED VENDOR ASSOCIATION: THE COOPERATIVE

This organization or business is a user-owned, user-controlled and user-benefits *corporation or company*. To incorporate, articles of incorporation or articles of organization (in the case of a company) need to be filed with Secretary of State's Office (. There are step-by-step guides to help establish this structural form.

Advantages

Markets that are owned and operated by vendors are the norm in Minnesota. With a vendor-owned and vendor-operated market, the market's vendors actually own and control the market, usually through a legal entity.¹⁴

The goal of a cooperative is to maximize profits for its members. Since members are owners, the cooperative model tends to reduce some of the costs of running a market.

Cooperatives are 'pass through' entities meaning the business is taxed only once, through its members. All owners or officers declare income on their personal income tax returns.

Some organizations may require a surety bond be retained if duties involve significant amounts of money or property to be handled by a manager or board president/chair.¹⁵

Organizations whose members are farmers and fruit growers are eligible for tax exemption under IRC section 521 of the IRS Tax Code. The regulations limit this exemption to cooperative organizations whose members are engaged in farming, fruit growing or similar occupations.¹⁶

At tax time, these organizations must file Schedule C (Form 990 or 990-EZ), a Return for Organization Exempt from Income Tax. In fact, most farmers' markets would do well to fill out Form 990 for their own records (submitting the form only if they are formally organized as a nonprofit) in order to establish a credit history. Keeping good, detailed records is the goal of every farmers' market. This is one way to accomplish it.

¹² (Nefstead, Interview, 2013)

¹³ (Davis, 2013)

¹⁴ (Davis, 2013)

¹⁵ (Nefstead, Interview, 2013)

¹⁶ (IRS, IRC Section 521 Exempt Farmers' Cooperatives, 2013)

Since the organization is member-owned, it is democratically run.¹⁷ Each member gets one vote. The membership votes on all the major business decisions of the company and selects the key executives to run the organization.¹⁸ There is more continuity of members, as well; however, lack of membership and/or participation by the membership poses a real threat to the smooth running of a cooperative.

Cooperatives often function as parts of larger corporations under 'assumed names'. DBA's or Assumed Name companies or corporations exist partly for customer protection, as a means to be able to identify the true owner of the business.

Disadvantages

The disadvantages of a cooperative include lower cash flow from investors and prolonged decision-making. Costs are incurred to formalize the cooperative, bookkeeping is extensive, meetings are required, and a certain degree of continuity in membership needs to be assured.

Farmers' markets wishing to grow, acquire assets, build equity, hire staff, and apply for grants may wish to incorporate as a for-profit, a low-profit L3C (below) or a nonprofit. Each level of structure requires time and commitment from all involved.

4. INCORPORATED VENDOR ASSOCIATIONS: THE LIMITED LIABILITY COMPANY (LLC) AND SOLE PROPRIETORSHIP (S-CORPORATION)

Advantages

Privately-owned farmers' markets are operated for profit, controlled by an individual or small group of individuals who have total control over the decision process.¹⁹

In a non-cooperative set up, vendors sign a contract agreement with the owner. Vendors do not have a role in the governance or management of this type of market.²⁰

LLC's and sole proprietorships default to the name of the owner or person who set them up unless they choose a different name, a "Doing Business As" or "Assumed Name". For example, Joe Smith has a farm and sets up a LLC but he does not want to name his business "Joe Smith Farm". Instead, he would much rather operate his business under the name of "Blue Barn Farm". This latter would be the DBA or assumed name. Joe would need to file a Certificate of Assumed Name with the Secretary of State.

a. Sole Proprietorship - this is the most basic type of business to establish. An individual owns the company, has complete control over its actions and is responsible for accounting for its assets and liabilities. No special filings are necessary unless the business has an 'assumed name' (see above). Business income is reported on the individual's personal tax return. The main disadvantage is risk: personal assets are not immune to lawsuits. Banks will be hesitant to lend money as well.²¹

An S-corporation or single proprietorship is the least involved of the processes but also the one that confers the least advantages. The owner is personally liable for all debts and actions of the company. Tax filing is simpler, no minutes are required or articles of incorporation.²²

b. Limited Liability Company: One or more persons may form a Minnesota Limited Liability Company (LLC) by filing Articles of Organization and an Operating Agreement. A LLC is a business organization that combines partnership taxation with corporate limited liability.²³

¹⁷ (Choose your Business Structure, 2013)

¹⁸ (Kee, 2012)

¹⁹ (Kee, 2012)

²⁰ (Kee, 2012)

²¹ (Choose your Business Structure, 2013)

²² (Zahorsky, 2013)

Limited Liability Partnerships, Limited Partnerships and MN Business Corporations are some of the other designations available in MN. Some of the advantages of the LLC include the protection of private assets and 'flow-through' taxation, where the businesses profits, losses and expenses flow through the company to the individual member's income tax return. No minutes are required.²⁴This structure has fewer statutory management burdens as well.²⁵

In both instances, Schedule C is the most common addition to your income tax return. Deductions include equipment, travel, computers, wages paid to self and others, telephone, advertising, rent, and more. Talk to your tax accountant for more information and for help in filing your income tax return.

Disadvantages

The disadvantages are similar to the ones mentioned above for an incorporated cooperative.

5. INCORPORATED PRIVATE MARKETS

These are markets owned and operated by an individual, a corporation or company for tax purposes. These markets are not common in Minnesota.

Advantages

Aside from tax considerations, the most common motivation for incurring the cost of setting up a corporation is the recognition that the shareholder is not legally liable for the actions of the corporation.²⁶

[Click here](#) to see a chart listing the different business entities available, their advantages and disadvantages.

6. LOW-PROFIT LIMITED LIABILITY COMPANY (L3C)

As a variant form of the widely accepted LLC, the for-profit L3C operates at the intersection of for-profit and nonprofit enterprises. Under its state business charter, the L3C would be required to have as the primary goal that of performing a socially beneficial purpose, not maximizing income.²⁷In addition, an L3C cannot seek to accomplish any political or legislative purposes.²⁸

Advantages

An L3C runs like a regular business and is profitable, but has the primary focus of achieving social benefit. While L3C's are not exempt from federal or state tax, and investments in L3Cs are not tax deductible, no federal income tax is imposed on the L3C itself; instead, taxes are passed through the L3C to its members, in proportion the members' ownership shares. L3Cs also have the main advantage of attracting Program Related Investments from foundations and avoid the cumbersome regulations associated with nonprofits.²⁹ As L3C is a relatively new concept in many states, there are not many farmers' markets currently with this status.³⁰

Why form an L3C? As a for-profit with a social enterprise bent, you will be able to attract investors outside of your organization that would like to contribute to your cause. Additionally, L3C's may keep more of their profits and use part of these for the social enterprise part of the organization. Nonprofits must follow strict rules on when and how to use their profits; L3C's follow more relaxed rules. There are no tax breaks for L3C's as there are for nonprofits.

²³ (2013)

²⁴ (Zahorsky, Limited Liability Company, 2013)

²⁵ (Kee, 2012)

²⁶ (Entrepreneur.com)

²⁷ (Lange), web page

²⁸ (Forming an L3C)

²⁹ (Lang), web page

³⁰ (Market Manager and Organizer FAQ, 2013), web page

Disadvantages

The Minnesota legislature may consider passing a law that allows this form of corporation in the near future. Check the [Minnesota Legislature's](#) site for updates.

Even though it is not yet a L3C, Finnegan's Beer would fit the designation: a social enterprise for-profit company. FINNEGANS Inc., which owns the beer brand, is currently a for-profit S-Corporation. The company pays bills and employee salaries and all profits are then donated to the FINNEGANS Community Fund, a 501 (c) 3 nonprofit.

7. NONPROFITS

Nonprofit status is probably the most sought-after designation for a farmers' market. It confers on the incorporated farmers' market a few advantages: tax exemption, an attractive focus for grant funding, legitimacy in the eyes of the public, accountability. There can also be other, less tangible benefits like keeping the market on mission. Furthermore, with the extensive recordkeeping the IRS requires, the nonprofit status ensures good market governance.³¹

In the farmers' market context, the nonprofit status is justified when a farmers' market mission embraces benefits to the community including enriching the shopping experience of customers in various ways, creating a safe and healthy environment and providing opportunities for education and neighbor-to-neighbor interactions. Note that the focus points outward, toward customers and the community, not inward toward the group of vendors or those involved in the market itself.³²

Acquiring nonprofit status for a seemingly for-profit enterprise necessitates a clear and prominent charitable or educational mission. The nonprofit status employs the rationale that the entity exists to help growers and communities become more successful. Markets under this designation exist to make a profit used solely for the tax-exempt purposes of the market.

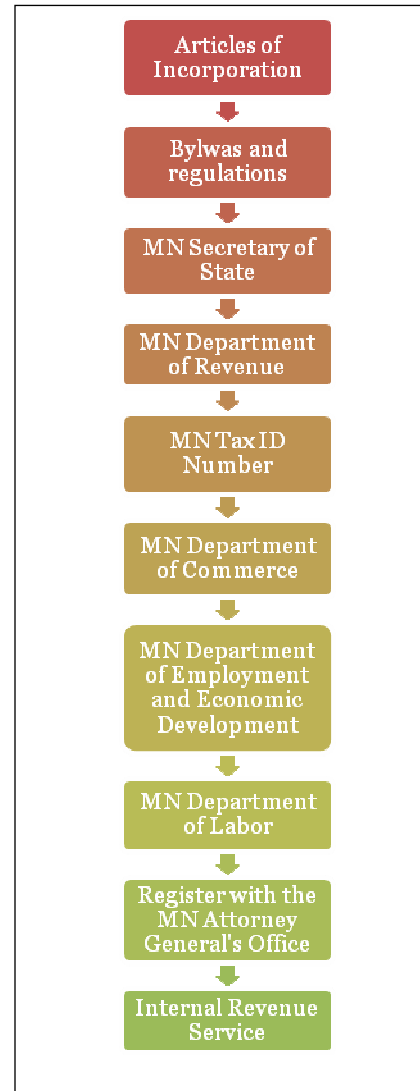
Process for Forming a Nonprofit

In Minnesota the first step is to create a [Minnesota nonprofit](#) by filing the appropriate forms such as articles of incorporation and well-crafted bylaws. Bylaws establish the name of the organization, its purpose, the shape of the board of directors and the method of operation. [Specific language](#) needs to be adopted in the bylaws to qualify for nonprofit status both at the state and federal level. The fee for filing a MN nonprofit application is \$70. An annual renewal is filed each calendar year thereafter.

Contact the Minnesota Department of Revenue next to file appropriate tax forms. In addition, contact the Departments of Commerce, Employment and Economic Development and Labor before your operation starts. MN Statue Chapter 317A, Nonprofit Corporations, details the process and requirements of becoming a MN nonprofit and acts as the default set of bylaws if your organization does not draft any.

When ready to solicit contributions from the public or other organizations, register with the [Minnesota Attorney General's Office](#). Other [nonprofit organization resources](#) can be found on this web site as well.

When your organization reaches a threshold of \$5,000 in assets, you must then file for federal nonprofit status with the Internal Revenue Service (IRS), incorporate or dissolve your group. If you intend to apply for IRS federal tax exemption as a charitable organization, your articles of incorporation must contain the



³¹ (Coalition, 2010)

³² (Kee, 2012)

required purpose clause and dissolution of assets provision.³³ In addition, your organization needs to be structured as a trust, a corporation or an association. Filing fees range from \$400 to \$850, depending on the organization's revenue stream.

The IRS publication "[Applying for 501\(c\) 3 Status](#)" details the federal process. Form 1023 is filed the first year the group is formed and then again five years later to make the nonprofit a perpetual entity. [MFMA's Resource Library](#) has more information on the process.

Activities that make a farmers' market eligible for nonprofit status and 501(c) 3 status in particular include those with an educational or public charity focus. There are numerous educational activities that can make a farmers' market eligible such as hosting health and cooking demonstrations, publishing a newsletter, or offering informational materials at the market.

Charitable activities may include lessening the burdens of government by accepting SNAP benefits, creating an improved neighborhood environment to lessen community deterioration, community-building efforts, and donations to local non-profits to name but a few. A statement from local government officials about how the farmers' market eases the government's burden in taking care of its residents would round out an application.³⁴

To read more about becoming a tax-exempt organization and learn how to preserve the market's tax-exempt status, market managers and boards of directors should read IRS [Publication 557](#).³⁵

Fill out the Certificate of Exemption Form [ST-3](#) to purchase items for the market free of Minnesota sales tax. Submit a completed certificate to every business with whom you carry out transactions. It is the purchaser's responsibility to learn which items is sales-tax exempt.

Different Nonprofit Designations

There are over 20 different federal nonprofit categories. The ones most pertinent to a farmers' market are the 501 (c) 3, 4, 5, and 6. Application fees range from \$400 for organizations with less than \$10,000 in operating budgets, to \$850 for those organizations with larger budgets.

1. 501(c) 3

This designation is for those organizations that embrace charitable, religious, educational, scientific, literary or educational purposes or for those that work to prevent cruelty to animals. Sample activities that pertain to a farmers' market include public cooking demonstrations, nutrition education for school-aged children and low-income populations, locating a market in a food desert, establishing food stamp programs, donating excess produce, and holding classes for farmers about marketing their products.

Advantages of this designation include tax deductible contributions and broader funding sources (some organizations donate only to 501(c) 3's).

When applying for this nonprofit status, emphasize the public good to be accomplished and not the economic gains of market members. The market may wish to focus on educating consumers about local agriculture, buying locally, and healthy eating or on selling only goods whose production is certified by a third party as having been kind to animals. A very popular justification may also be the market's commitment to alleviating obesity by facilitating healthy eating. A market may require that a certain percentage of the market's goods be donated to needy families, homeless shelters or other neighbors in need as a means to fulfill its charitable mission. If the IRS is not persuaded by the request, it may elect to qualify the organizations as a c5 or c6.³⁶

Examples of farmers' markets with a 501 (c) 3 status include the Bellevue Farmers' market in Washington State; it donates over \$4,000 of produce per year to Hopelink, accepts WIC coupons, and offers free

³³ (MNSOS, 2013)

³⁴ (Coalition, 2010)

³⁵ (Kee, 2012)

³⁶ (Kee, 2012)

children's entertainment and other community services. Other examples include Webb City Farmers' Market, MO; Hub City Farmers' Market, SC; and the Tower Grove Farmers' Market, MO.

2. 501(c) 4

Organizations concerned with social welfare issues and those furthering the common good and general welfare of the organization's local community (not a specific group of people) would fit under the (c) 4 designation. Member services must benefit the community as a whole or 501 (c) 3 organizations.

Sample activities include planning a market to improve and beautify a certain public area, create a better community shopping opportunity and attract people to the local business district in efforts to revive the local economy. Contributions to 501(c) 3 organizations would also fit this designation.

Examples in Minnesota include the New Hope Farmers' Market and the Mill City Farmers' Market.

3. 501(c) 5

Agricultural and horticultural organizations which promote the interests of people raising livestock or growing crops through better conditions, improved products or occupational efficiency would fall under this category.

Sample activities include promotion and education about local farm products, business strategy training for farmer-vendors, providing new marketing outlets for farmers, encourage the development of better methods of breeding and farming by using awards and prizes generated from entry fees, ticket sales and donations.³⁷ These organizations also help promote collaboration between rural residents. However, the focus of this type of organization cannot be the commercial activities of a farmers' market, for example. In addition, contributions are not tax deductible as charitable contributions but may be deductible as ordinary business expenses if made to further a necessary goal of a tax payer's trade or business.³⁸

Examples include the Franklin Farmers' market, Tenn. One of the goals of the market is to provide a venue for family farms to sell what they produce. The market distributed 27,000 lbs. of excess produce to needy Franklin residents in 2008.

4. 501(c) 6

Business leagues, organizations directed toward marketing, selling and commerce promotion of business entities fall under this nonprofit designation. The focus of these organizations is in improving business conditions for people with a common business interest not ordinarily conducted for profit³⁹. Promoting higher business standards and better business methods through uniformity and cooperation, establishing and maintaining the integrity of a local commercial market and encouraging an entire industry's use of goods and services all fit a farmers' market model.⁴⁰ The organization would also have to be an open membership organization providing membership support and collecting member dues.

Sample activities include securing space for a farmers' market, promoting a farmers' market, providing vendor education and training services.

Examples include the Portland Farmers' Market, which operates four markets with vendor sales in excess of \$5 million and is run by paid staff and an all-volunteer board; it receives no city, state, or federal funding.

Board Considerations for the Nonprofit Structure

As a farmers' market applies for tax-exempt status, it must form a board of directors (see Chapter 4, The Governance Structure of Your Farmers' Market). The board is responsible for the fiscal health of the organization. Membership in a board demands time and expertise, so choose your members wisely and from a diverse group. Include accountants, lawyers, business owners, and experts in fundraising.⁴¹

³⁷ (Kee, 2012), (IRS, Tax-Exempt Status for Your Organization, 2011)

³⁸ (Kee, 2012), (IRS, Tax-Exempt Status for Your Organization, 2011)

³⁹ (Kee, 2012), (IRS, Tax-Exempt Status for Your Organization, 2011)

⁴⁰ (Kee, 2012), (IRS, Tax-Exempt Status for Your Organization, 2011)

⁴¹ (Kee, 2012)

Control of a nonprofit is exercised by a governing board of directors or trustees. Board members do not act as individuals, but must act as a group.

No one can be guaranteed permanent tenure on a board, and the board can, if necessary, fire an executive or remove board members. This means that no one, not even the founder of the organization, can control a nonprofit. Most boards of directors are not compensated, except for expenses such as travel to and from board meetings.

The responsibility of a board is to see that the organization fulfills its purpose and to hire staff. A board sets out obligations, expectations on performance and salary.

MN Statute 317A Nonprofit Chapter

Minnesota Statute 317A, known as the Nonprofit Corporation Act, delineates all the items needed to start and manage a Minnesota nonprofit. The statute also includes language necessary for a nonprofit's bylaws and articles of incorporation. In the eventuality that a nonprofit does not have clear bylaws, chapter 317A would act as the organization's bylaws.

Accountability and Reporting Requirements for Nonprofits

Nonprofit organizations are accountable to the public and must file annual information returns with federal and state government. The federal form that nonprofits must file is IRS Form 990. On it the nonprofit must report information regarding its finances, including the salaries of the five highest paid non-officer employees. IRS Form 990 must be made available to the public. Most nonprofits have them available at their headquarters and online. The tax forms are also easily obtained through certain websites such as www.guidestar.org. Guidestar offers a means by which to check on the financial health of a nonprofit organization.

A comprehensive list of required forms for your nonprofit is found in the Minnesota Council for Nonprofits web site. Annual reports (Form 990 or Form 990) are mandatory for organizations with gross receipts of more than \$50,000. Unrelated income is reported in Form 990-T.

Although they are exempt from income taxation, exempt organizations are generally required to file annual returns (Form 990 or 990) of their income and expenses with the Internal Revenue Service. In addition to filing an annual exempt organization return, exempt organizations may be required to file other returns and pay employment taxes. Some organizations may be required to file certain returns electronically.

Additional Information For Nonprofits

- [Form 990 Resources and Tools for Exempt Organizations](#)⁴²
- [Form 990 Resources and Tools for Tax Exempt Organizations](#)⁴³

The application for federal recognition of nonprofit status:

- [Interactive form](#) from IRS Stay Exempt:
- [PDF form](#) from the IRS

Form 990 can give your board members and stakeholders a good view of your organization. Use the form as an organizational tutorial, a financial analysis tool, a source of comparable compensation data, and as a communications tool. For more information, read Nonprofit Assistance Fund's "Give your 990 a Workout" at: <https://nonprofitsassistancefund.org/blog/2010/06/give-your-990-workout>

At the state level, nonprofits are usually overseen by the State's Attorney General's Office. That office usually has the power to take a nonprofit corporation to court to make sure it complies with the law.⁴⁴

⁴² (IRS, 2013)

⁴³ (IRS, Form 990 Resources and Tools for Tax Exempt Organizations, 2013)

⁴⁴ (About.com, 2013)

Dissolution of Nonprofits

When a for-profit organization goes out of business, its assets can be liquidated and the proceeds distributed to the owners or the shareholders. When a nonprofit goes out of business, its remaining assets must be given to another nonprofit.⁴⁵ Bylaws need to contain instructions on dissolution requirements.

What if a nonprofit is not in the plan?

Because most people thinking about starting a nonprofit wish to devote more time to the charitable cause they have embraced, it is important to realize that the reporting and record-keeping obligations of a nonprofit are quite extensive.⁴⁶

If you determine that the level of interest and availability of funds will not sustain a nonprofit endeavor, then you may wish to consider the following:⁴⁷

1. **Join an existing effort.** Study the list of nonprofits already active in a similar cause and geographic area and join their efforts as a volunteer, a board member or even as staff.
2. **Create a special program of an existing effort.** Analyze the list of nonprofits already active in the same area, identify the three most compatible with your ideas and meet with them to explore creating a special project or initiative and negotiate your involvement. You may have ideas that they would welcome, including resources that may be available to finance the new undertaking. Your activity could be a sponsored project with a level of independence, but without the need for separate books, government reporting and boards or committees.
3. **Start a local chapter of a national or regional organization.** Explore the list of national organizations in the subject area of your interest, and see if a local chapter is needed in your geographic area.
4. **Maintain an unincorporated association.** If your effort will be quite local and small, consider remaining an unincorporated association -- have meetings and activities but skip the ongoing reporting requirements. Unincorporated associations can operate as a nonprofit; however, donations are not tax-deductible. Those that choose to remain as an unassociated association may undertake risk to board members and founders. By incorporating, the organization becomes a legal entity and can only be liable for the assets of the organization. An incident involving an unincorporated organization may put personal assets of board members, volunteers, or others, at risk.
5. **Find a fiscal sponsor for your organization.** If you are considering creation of a group to finance the activities or the needs of others, plan to work on a limited-time project, or want to test a program idea first, explore fiscal sponsorship. Fiscal sponsorship, sometimes referred to as fiscal agency or fiscal host, is a way to receive tax-deductible contributions by using the tax-exempt status of another organization.⁴⁸

Fiscal Host

The more common modern language term for fiscal sponsor is “fiscal host,” an organization that acts on behalf of another party performing various financial duties, and is legally responsible for all reporting, accounting, and other responsibilities associated with contracts and grant agreements.⁴⁹

A fiscal agent is a designated fiduciary interest; that is, someone is given financial responsibility on behalf of the organization such as an accounting firm or tax preparer.⁵⁰

Fiscal sponsors often provide more than the use of their tax-exempt status. They often co-locate, provide accounting and administrative services, and strategic planning guidance. The sponsored organization will pay a fee to the sponsor for their services, generally around 10 percent of the organization's revenues.

⁴⁵ (Fritz)

⁴⁶ (Alternatives to Starting a Nonprofit, 2013)

⁴⁷ (Alternatives to Starting a Nonprofit, 2013)

⁴⁸ (Alternatives to Starting a Nonprofit, 2013)

⁴⁹ (Hickman, 2013)

⁵⁰ (Nefstead, Interview, 2013)

Fiscal sponsorship is a complex, individualized process. Organizations considering working with a sponsor should first identify several possible sponsors with missions in sync with that of the new organization. Work with each of these organizations to find the best fit in terms of missions, working style, and location. Will the sponsorship be structured to re-grant monies to the new organization? Will the sponsored organization purchase services from its sponsor? At what cost? How will both be assured against tax fraud? It is strongly recommended that both parties consult with legal professionals to ensure their interests are being met in the sponsorship agreement.”⁵¹

Many start-up nonprofits begin life this way, as a project of another tax exempt organization. The agent accepts donations or grants on the start-up's behalf and, in effect, "re-grants" the money to the start-up to pursue tax-exempt activities. The start-up effectively enjoys the benefits of the sponsor's 501(c) status, including the fact that the status encourages donations, but gives up some of the financial control; there is usually also an administrative fee the sponsor charges to handle the bookkeeping duties. This type of arrangement is common and fully legal.⁵² For more information about fiscal agents, visit [MAP for Nonprofits](#).

Another option is to find another legal entity to serve as an operating umbrella for the market. Options include working under a private business sponsor, a government sponsor, a business association, or a farmer organization. Even if a market organization decides to work under the auspices of another nonprofit with its own board of directors, it is still advisable to create a management structure and an advisory board specifically for the market.

Drawing up a [Memorandum of Understanding \(MOU\)](#) (see Appendix A) is a great step toward regularizing the relationship. This document outlines the duties and responsibilities of both the nonprofit and the fiscal agent. The link above will take you to a web page that contains many templates useful for nonprofits and other organizations. Scroll down to find the document you need.

Before a new program can really start outreach to potential donors in earnest and create any outreach materials for funders, a mechanism through which donations can be collected and tracked separately from the overall market budget is needed. In addition, businesses and private donors are more likely to offer a contribution if they can claim the tax deduction. In order to be able to pass the benefit to donors, an IRS nonprofit status of 501C3 is necessary. Unfortunately, many markets are not designated as 501c3, but there may be some other opportunities to team with applicable organizations that can manage the funds. One idea is to work with a fiscal sponsor who can provide administrative support and oversight to the program in exchange for a percentage fee to cover their administrative costs.

In the case of the Buckman Market, Portland Farmers' Market is a 501(c) (6) nonprofit organization. Southeast Uplift Neighborhood Coalition (SEUL) is an independent 501(c) (3) non-profit organization that supports neighborhood associations and community partners within its geographical territory and is able to provide fiscal sponsorship for projects that align closely with its mission and goals. Fresh Exchange applied for fiscal sponsorship and was approved by the SEUL board. Through this relationship, all donations are directed to the Fresh Exchange program of SEUL.

Fiscal host's role:

- Accepts donations
- Ensures that donated funds are used only for approved program purposes which align with IRS requirements for 501C3 status
- Tracks individual donor information and provides list to program so program can personally thank donors
- Provides regular account balance reports to the program
- Receives compensation of 7.5% received funds to cover management costs

Resources

- Nonprofit Finance Fund: www.nonprofitfinancefund.org
- Map for nonprofits: www.mapfornonprofits.org

⁵¹ (Hickman, 2013)

⁵² (Duran)

- Nonprofits Assistance Fund: www.nonprofitassistancefund.org

1. City, Community, Or Government Owned And Operated Markets

These markets are becoming increasingly popular. Local governments are realizing that farmers' markets can be an economic boost to the local community. They are also realizing that besides the obvious factors, such as giving local producers an outlet for their products, farmers' markets create a synergy with other businesses, increasing the total economic health of the community.⁵³

For a number of reasons, city, community, and government markets are usually very successful. Local governments often have ready access to assets that individuals may not have, such as land and facilities, legal advice, insurance, office staff, and other employees. Office staff and other employees can be assigned to the market from time to time, especially during start-up stages. Communities must remember, however, that these types of markets will become successful only if vendors are strongly involved from the start and if vendor involvement continues. Some communities invite farmers or vendors to sit on the board, usually up to one-third of the total board. Other communities invite them to serve on an advisory committee. Either way, farmers and vendors must be involved. From a farmer and vendor perspective, however, one concern with a community-run market is that vendors do not have complete control.⁵⁴

City programs fall under the umbrella of sponsorship. Much of the fiduciary activity is transferred to the city or other entity. However, this may impact the decisions made to operations, hours, etc. The farmers' market board should clearly define rights and responsibilities under an agreement with a city or community foundation.⁵⁵

One drawback of city-run markets has to do with funding. Once the city finds itself in a cash-crunch or the market organizers fail to acquire the necessary funding, a city may choose to dissolve the market rather than allocate tax-payers' money to support it.

2. Satellite markets

A satellite market is a market that is associated with another on-going market. It is governed by the parent market's board of directors and, usually, by its bylaws. Satellite markets exist for several reasons. First of all, having satellites allows an established market to expand its selling territory outside its traditional area while using its existing governance structure, insurance, and management. Different personnel, however, may be utilized at the satellite market to manage day-to-day operations. Satellite markets also allow the inclusion of additional vendors in the market, who often increase markets' annual sales. In addition, satellites allow the main market to expand into non-traditional areas and ethnic situations. Although there are no formal limitations to how far satellite markets can be located away from the main market, the distance should be reasonably manageable if the intent of the satellite is to be a major part of the main market.

One use for satellite markets which is often overlooked is launching new markets, especially small rural markets that are run mainly by volunteers. New markets take a considerable amount of time to establish—much more than is usually evident when initial planning begins. By the time a new market is established, its bylaws are written, and all its market rules and regulations are in place, the new board is often too exhausted to oversee the day-to-day needs of the market. If you can find an existing market that is willing to allow you to operate under its wing, most of the new market's energy can then be used to operate a successful market the first year. Although a new satellite market needs to operate under the bylaws of the main market, it can have its own policies and rules.

Example of this type of market is St Paul Farmers' Market's satellites in cities like Shoreview and Hugo.

Summary of Reporting Requirements for Nonprofits

- <http://www.irs.gov/Charities-&-Nonprofits/Annual-Exempt-Organization>Returns,-Notices-and-Schedules>

⁵³ (Nennich, The Legalities of Running a Farmers' Market, 2006)

⁵⁴ (Davis, 2013)

⁵⁵ (Nefstead, Interview, 2013)

- Form 990: For organizations with gross receipts greater than or equal to \$200,000 or (2) total assets greater than or equal to \$500,000 at the end of the tax year
- Form 990-N: Gross receipts of \$50,000 or less
- Form 990EZ: Gross receipts of less than \$200,000 and total assets less than \$500,000, instead of 990
- Private foundations: Form 990-PF
- Schedule A: used by organizations that file form 990 or 990-EZ to provide the required information about public charity status and public support⁵⁶
- A list of forms and schedules needed can be found on the IRS website, along with a great wealth of information: [http://www.irs.gov/Charities-&-Nonprofits/Form-990-Schedules-Combined-with-Instructions-\(Tax-Year-2011\)](http://www.irs.gov/Charities-&-Nonprofits/Form-990-Schedules-Combined-with-Instructions-(Tax-Year-2011))
- Schedule B: schedule of contributions⁵⁷
- Schedule C: Political campaigns and lobbying activities⁵⁸
- Schedule I: Grants and Other Contributions⁵⁹
- Schedule M: Non-cash Contributions⁶⁰
- Schedule N: Liquidation, Termination, Dissolution of Assets⁶¹
- Schedule O: Supplemental Information (because the other dozen forms aren't quite enough!) ⁶²

CONCLUSION

An unincorporated, loose association is probably the easiest, least complicated structure for a new farmers' market. However, with ease of association come risks your vendors, volunteers and board members may wish to avoid.

The final decision on how to structure your farmers' market rests on those who organize the venture, those who have the time and expertise to run it. It is best, however, to have a separate, legal identity for your market. A more professional approach to organization will lead to a higher degree of accountability and liability protection for all involved.

⁵⁶ (IRS, General Instructions for Schedule A)

⁵⁷ (IRS, Schedule B: schedule of Contributions, 2013)

⁵⁸ (IRS, Schedule C: Political Campaigns and Lobbying Activities)

⁵⁹ (IRS, Schedule I, 2013)

⁶⁰ (IRS, Schedule M: Non-cash Contributions, 2013)

⁶¹ (IRS, Schedule N: Liquidation, Termination, Dissolution of Assets)

⁶² (IRS, Schedule O: Supplemental Information, 2013)

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**Memorandum of Understanding
Between Organization X and Organization Y
SAMPLE DOCUMENT**

This document will serve as a Memorandum of Understanding between **Organization X** and **Organization Y**. Organization X will serve as the fiscal sponsor to Organization Y.

I. Terms of Partnerships

In support of the Organization Y,

Organization X agrees to:

- A. Serve as the fiscal sponsor of Organization Y, at an indirect rate of 12% per each funded proposal.
- B. Sign and execute on-time contracts with Organization Y consultants.
Submit payments based upon terms of invoice.
- C. Assign Organization X staff to serve as the staff support to Organization Y's administrative needs (i.e. securing letterhead, documents needed to submit grant proposals, reserving meeting space etc. . .)
- D. Maintain ongoing and timely communication with Organization Y consultants.
Build organizational capacity to integrate Organization Y into Organization X's programming and infrastructure.

Organization Y agrees to:

- A. Provide foundation prospects (grants calendar) to Organization X.
- B. Submit on-time reports to foundation partners.
- C. Provide copies of grant proposals and reports to Organization X.
- D. Provide monthly budget update for expenditures.
- E. Provide monthly activity report to sponsor.
- F. Submit consultant invoices.
- G. Maintain ongoing and timely communication with Organization X's Executive Director.

II. Term and Termination of Agreement

This agreement shall commence on _____ and terminates on _____ at which point the terms of the MOU shall be re-determined. Upon written notification the terms of this agreement can be terminated, at which point any resources shall be forwarded to the designated institution or party, less the fiscal sponsors fees.

**Organization X
Executive Director Signature**

**Organization Y
Project Director Signature**

Date: _____

Date: _____

Certificate of Exemption

Purchaser: Complete this certificate and **give it to the seller.**

Seller: If this certificate is not fully completed, you must charge sales tax. Keep this certificate as part of your records.

This is a blanket certificate, unless one of the boxes below is checked, and remains in force as long as the purchaser continues making purchases, or until otherwise cancelled by the purchaser.

Check if this certificate is for a single purchase and enter the related invoice/purchase order # _____.

If you are a contractor and have a purchasing agent agreement with an exempt organization, check the box to make multiple purchases for a specific job. Enter the exempt entity name and specific project:

Exempt entity name _____ Project description _____

Type or print	Name of purchaser _____			
	Business address _____		City _____	State _____ Zip code _____
	Purchaser's tax ID number _____		State of issue _____	
	If no tax ID number, enter one of the following:	FEIN _____	Driver's license number/State issued ID number state of issue _____ number _____	
	Name of seller from whom you are purchasing, leasing or renting _____			
	Seller's address _____		City _____	State _____ Zip code _____

Type of business. Circle the number that describes your business.

Type of business	01 Accommodation and food services	11 Transportation and warehousing
	02 Agricultural, forestry, fishing, hunting	12 Utilities
	03 Construction	13 Wholesale trade
	04 Finance and insurance	14 Business services
	05 Information, publishing and communications	15 Professional services
	06 Manufacturing	16 Education and health-care services
	07 Mining	17 Nonprofit organization
	08 Real estate	18 Government
	09 Rental and leasing	19 Not a business (explain) _____
	10 Retail trade	20 Other (explain) _____

Reason for exemption. Circle the letter that identifies the reason for the exemption.

Reason for exemption	A Federal government (department) _____	I Agricultural production
	B Specific government exemption (from list on back) _____	J Industrial production/manufacturing
	C Tribal government (name) _____	K Direct pay authorization
	D Foreign diplomat # _____	L Multiple jobs for the same business using a computer software program MPU exemption is no longer valid; repealed March 8, 2008
	E Charitable organization # _____	M Direct mail
	F Educational organization # _____	N Other (enter number from back page) _____
	G Religious organization # _____	O Percentage exemption
	H Resale	<input type="checkbox"/> Advertising (enter percentage) _____ %
		<input type="checkbox"/> Utilities (enter percentage) _____ %
		<input type="checkbox"/> Electricity (enter percentage) _____ %

Sign here I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)

Signature of authorized purchaser _____	Print name here _____	Title _____	Date _____
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Exemption descriptions

See the Form ST3 instructions and exemption descriptions for more information about the following exemptions.

Purchasers are responsible for knowing if they qualify to claim exemption from tax and will be held liable for any use tax, interest and possible penalties due if the items purchased are not eligible for exemption.

A. Federal government

Fill in department.

B. Specific government exemption

- Ambulance services
- Biosolids processing equipment
- Bullet-resistant body armor
- Chore/homemaking services
- Correctional facility meals or drinks
- Emergency rescue vehicle repair and replacement parts
- Emergency vehicle accessory items
- Firefighter equipment
- Hospitals
- Libraries
- Metropolitan Council
- Nursing homes
- Petroleum products used by government
- Regionwide public safety radio communication system
- Solid waste disposal facility
- State or local government agency from another state
- Townships (limited exemptions apply)
- Transit program vehicles
- Water used directly in providing fire protection

C. Tribal government

Fill in the name of the Tribe.

D. Foreign diplomat

Fill in the number issued to the foreign diplomat.

E. Charitable organization

Organizations that operate exclusively for charitable purposes.

F. Educational organization

Schools, school districts, scouts, youth groups, etc.

G. Religious organization

Churches and other religious organizations.

H. Resale

Items or services purchased for resale.

I. Agricultural production

Materials and supplies used or consumed in agricultural production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

J. Industrial production

Materials and supplies used or consumed in industrial production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

K. Direct pay

Direct pay authorization issued by the Department of Revenue. Cannot be used for meals, lodging and most services.

L. Multiple points of use

Services of electronically delivered computer data, currently available for use in more than one taxing jurisdiction at the time of purchase.

MPU exemption is no longer valid; repealed March 8, 2008

M. Direct mail services

N. Other exemptions

1. Aggregate delivered by a third party hauler to be used in road construction
2. Airflight equipment
3. Ambulances
4. Aquaculture production equipment
5. Automatic fire-safety sprinkler systems
6. Construction exemption for special projects under M.S. 297A.71
7. Exempt publications
8. Farm machinery
9. Handicapped accessible (building materials)
10. Handicapped accessible (vehicle costs)
11. Horse materials
12. Hospitals and outpatient surgical centers
13. Instructional materials for post-secondary school students

14. Job opportunity building zones (JOBZ)
 15. Logging equipment
 16. Materials used for business in a state where no sales tax applies
 17. Materials used to provide taxable services
 18. Medical supplies for a health-care facility
 19. Motor carrier direct pay (MCDP) authorization
 20. Packing materials used to ship household goods outside Minnesota
 21. Poultry feed
 22. Prizes used for games at fairs or other events lasting fewer than six days
 23. Purchasing agent agreement with exempt organization
 24. Repair or replacement parts used in another state/country as part of a maintenance contract
 25. Resource recovery facility authorization
 26. Senior citizen group (exempt status authorization required)
 27. Ship replacement parts and lubricants
 28. Ski area items
 29. Solar energy systems
 30. Taconite production items
 31. Telecommunications, cable television and direct satellite equipment
 32. Tribal government construction contract
 33. TV commercials
 34. Veteran organizations
 35. Waste-management containers and compactors
 36. Wind energy systems
 37. Lump-sum construction contracts — temporary exemption for new local tax on building materials
 38. Preexisting construction contracts and bids — temporary exemption (in effect July 1, 2009 - December 31, 2009) from new state general tax rate increase on building materials
- ## O. Percentage exemptions
- Advertising materials for use outside Minnesota or local taxing area.
 - Utilities used in agricultural or industrial production.
 - Electricity used in the operation of qualified data centers.

Certificate of Exemption

Form ST3 instructions and exemption descriptions

Forms and fact sheets are available on our website at www.revenue.state.mn.us.

Purchasers

Complete this certificate and give it to the seller. Do not send it to the Department of Revenue.

You must include your Minnesota tax identification number if you have one.

Warning to purchaser: Purchasers are responsible for knowing if they qualify to claim exemption from tax and will be held liable for any use tax, interest and possible penalties due if the items purchased are not eligible for exemption.

Sellers

Keep this certificate as part of your records. Accepting a fully completed exemption certificate relieves you from collecting the tax. If this certificate is not fully completed, you must charge sales tax. You may be required to provide this exemption certificate (or the data elements required on the form) to the state to verify this exemption.

Exemption descriptions

Use Form ST3, Certificate of Exemption, to claim the following exemptions. Fact sheets are available for some of the items as noted. Contact our office for details about other exemptions not listed here.

A. Federal government. The seller must obtain a purchase order, payment voucher, work order, a fully completed Form ST3 or similar documentation to show the purchase was from the federal government.

B. Specific government exemptions. Fill in the title from the list below. For more information, see *Fact Sheet 142, Sales to Governments*, and/or *Fact Sheet 135, Fire Fighting, Police and Emergency Equipment*. Also *Fact Sheet 139, Libraries*.

- Ambulance services
- Biosolids processing equipment
- Bullet-resistant body armor
- Chore/homemaking services
- Correctional facility meals or drinks
- Emergency rescue vehicle repair and replacement parts
- Emergency vehicle accessory items

- Firefighter equipment
- Hospitals
- Libraries
- Metropolitan Council
- Nursing homes
- Petroleum products used by government
- Regionwide public safety radio communication system
- Solid waste disposal facility
- State or local government agency from another state
- Townships (limited exemptions apply)
- Transit program vehicles
- Water used directly in providing fire protection

C. Tribal government. All sales to Indian tribal governments are exempt.

D. Foreign diplomat. Sales tax exemption cards are issued to some foreign diplomats and consular officials stationed in this country. Fill in the number issued to the foreign diplomat.

E. Charitable organizations. Must be operated exclusively for charitable purposes. You must apply for and receive exempt status authorization from the Department of Revenue. (Some nonprofit organizations do not qualify for sales tax exemption.) Effective December 2008, organizations that qualify for exempt status receive an authorization letter from the department rather than an exempt status number. Organizations that received an exempt status number prior to December 2008 may choose to continue using that number or they may use their Minnesota tax ID number.

F. Educational organizations. Schools and school districts operated exclusively for educational purposes must use Form ST3 on qualifying purchases. Nonprofit professional and trade schools, scouts, youth groups, and youth athletic and recreational programs, such as Little League, etc., operated exclusively for educational purposes must apply for exempt status authorization from the Department of Revenue and use Form ST3 on qualifying purchases. Effective December 2008, organizations that qualify for exempt status receive an authorization letter from the department rather than an exempt status number. Organizations that received an exempt status number prior to

December 2008 may choose to continue using that number or they may use their Minnesota tax ID number.

G. Religious organizations. Churches and other religious organizations operated exclusively for religious purposes can use Form ST3 without exempt status authorization or may apply for exempt status authorization from the Department of Revenue. Effective December 2008, organizations that qualify for exempt status receive an authorization letter from the department rather than an exempt status number. Organizations that received an exempt status number prior to December 2008 may choose to continue using that number or they may use their Minnesota tax ID number.

H. Resale. Items or services must be purchased for resale in the normal course of business.

I. Agricultural production. Materials and supplies used or consumed in agricultural production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product. *Fact Sheet 100, Agricultural Production*.

J. Industrial production. Materials and supplies used or consumed in industrial production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product. *Fact Sheet 145, Industrial Production*.

K. Direct pay. Allows the buyer to pay sales tax on certain items directly to the state instead of to the seller. Applicants must be registered to collect sales tax in order to qualify and must apply for and receive direct pay authorization from the Department of Revenue.

L. Multiple points of use. Taxable services or electronically delivered computer software that is sold and may be used for use in multiple jurisdictions is no longer valid; repealed March 8, 2008. Purchaser is responsible for apportioning and remitting the tax due to each taxing jurisdiction.

M. Direct mail. Allows the buyer to pay sales tax on direct mail directly to the state

Certificate of Exemption

Form ST3 instructions and exemption descriptions (continued)

instead of to the seller. Direct mail is printed material that meets the three following criteria:

- it is delivered or distributed by U.S. Mail or other delivery service;
- it is sent to a mass audience or to addresses on a mailing list provided by the purchaser or at the direction of the purchaser; and
- the cost of the items is not billed directly to recipients.

N. Other exemptions

- 1. Aggregate delivered by a third party hauler to be used in road construction.** Beginning July 1, 2008, charges for delivery of aggregate materials by third party haulers are exempt if the aggregate will be used in road construction.
- 2. Airflight equipment.** Must be purchased by an airline company taxed under M.S. 270.071 through 270.079.
- 3. Ambulance services** — privately owned (leases of vehicles used as an ambulance or equipped and intended for emergency response). Must be used by an ambulance service licensed by the EMS Regulatory Board under section 144E.10. *Fact Sheet 135, Fire Fighting, Police, and Emergency Equipment.*
- 4. Aquaculture production equipment.** Qualifying aquaculture production equipment, and repair or replacement parts used to maintain and repair it. *Fact Sheet 130, Aquaculture Production Equipment.*
- 5. Automatic fire-safety sprinkler systems.** Fire-safety sprinkler systems and all component parts (including waterline expansions and additions) are exempt when installed in an existing residential dwelling, hotel, motel or lodging house that contains four or more dwelling units.
- 6. Construction exemption for special projects under M.S. 297A.71.** Certain purchases for the construction of a specific project or facility are exempt under M.S. 297A.71, such as waste recovery facilities. This exemption does not apply to projects for which you must pay sales or use tax on qualifying purchases and then apply for a refund.
- 7. Exempt publications.** Materials and supplies used or consumed in the production of newspapers and publications issued at average intervals of three months or less. Includes publications issued on CD-ROM, audio tape, etc.
- 8. Farm machinery.** Qualifying farm machinery, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 106, Farm Machinery.*
- 9. Handicapped accessible (residential building materials).** Building materials and equipment purchased by nonprofit organizations if the materials are used in an existing residential structure to make it handicapped accessible, and the homeowner would have qualified for a refund of tax paid on the materials under M.S. 297A.71, subd. 11 or subd. 22. Nonprofit organizations include those entities organized and operated exclusively for charitable, religious, educational or civic purposes; and veteran groups exempt from federal taxation under IRC 501(c)(19).
- 10. Handicapped accessible (vehicle costs).** Conversion costs to make vehicles handicapped accessible. Covers parts, accessories and labor.
- 11. Horse materials.** Covers consumable items such as feed, medications, bandages and antiseptics purchased for horses. Does not cover machinery, tools, appliances, furniture and fixtures. *Fact Sheet 144, Veterinary Practice.*
- 12. Hospitals and outpatient surgical centers.** Sales to a hospital and outpatient surgical center are exempt if the items purchased are used in providing hospital or outpatient surgical services. (M.S. 297A.70, subd. 7)
- 13. Instructional materials** required for study courses by college or private career school students (M.S. 297A.67, subd. 13a)
- 14. Job opportunity building zones (JOBZ).** Applies to all goods and taxable services purchased by a qualified business and primarily used in the zone. Also includes purchases by a qualified business or a contractor of construction materials and supplies to construct improvements to real property if the property is used by a qualified business within the zone.
- 15. Logging equipment.** Qualifying logging equipment, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 108, Logging Equipment.*
- 16. Materials used for business outside Minnesota** in a state where no sales tax applies to such items; or for use as part of a maintenance contract. This exemption applies only if the items would not be taxable if purchased in the other state (e.g., a state that does not have sales tax).
- 17. Materials used to provide taxable services.** Materials must be used or consumed directly in providing services taxable under M.S. 297A.61, subd. 3.
- 18. Medical supplies for a health-care facility.** Purchases by a licensed health care facility, outpatient surgical center or licensed health-care professional of medical supplies used directly on a patient or resident to provide medical treatment. The exemption does not apply to equipment, lab or radiological supplies, etc. *Fact Sheet 172, Health Care Facilities.*
- 19. Motor carrier direct pay (MCDP).** Allows motor carriers to pay tax directly to the state when they lease mobile transportation equipment or buy certain parts and accessories. Applicants must be registered for sales tax in order to apply. You must apply for and receive MCDP authorization from the Department of Revenue. *Fact Sheet 107, Interstate Motor Carriers.*
- 20. Packing materials.** Packing materials used to pack and ship household goods to destinations outside of Minnesota.
- 21. Poultry feed.** The poultry must be for human consumption.
- 22. Prizes.** Items given to players as prizes in games of skill or chance at events such as community festivals, fairs and carnivals lasting fewer than six days.
- 23. Purchasing agent.** Allows a business who has been appointed as a purchasing agent by an exempt organization to make purchases exempt from sales tax. All documentation pertaining to the purchasing agent agreement is kept by the purchasing agent to verify exemption.
- 24. Repair or replacement parts used in another state or country** as part of a maintenance contract. This does not apply to equipment or tools used in a repair business.
- 25. Resource recovery facilities.** Applies to equipment used for processing solid or hazardous waste (after collection

Certificate of Exemption

Form ST3 instructions and exemption descriptions (continued)

and before disposal) at a resource recovery facility. You must apply for and receive approval from the Department of Revenue.

- 26. Senior citizen groups.** Groups must limit membership to senior citizens age 55 or older, or under 55 but physically disabled. They *must* apply for and receive exempt status authorization from the Department of Revenue.
- 27. Ship repair or replacement parts and lubricants.** Repair or replacement parts and lubricants for ships and vessels engaged principally in interstate or foreign commerce.
- 28. Ski areas.** Items used or consumed primarily and directly for tramways at ski areas, or in snowmaking and snow-grooming operations at ski hills, ski slopes or ski trails. Includes machinery, equipment, water additives and electricity used in the production and maintenance of machine-made snow.
- 29. Solar energy system** means a set of devices whose primary purpose is to collect solar energy and convert and store it for useful purposes including heating and cooling buildings or other energy using processes, or to produce generated power by means of any combination of collecting, transferring, or converting solar-generated energy.
- 30. Taconite production items.** Mill liners, grinding rods and grinding balls used in taconite production if purchased by a company taxed under the in-lieu provisions of M.S. 298 if they are substantially consumed in the production of taconite. *Fact Sheet 147, Taconite and Iron Mining.*
- 31. Telecommunications, cable television and direct satellite equipment** used directly by a service provider primarily to provide those services for sale at retail. *Fact Sheet 119, Telecommunications, Cable Television, Direct Satellite and Related Services.*
- 32. Tribal government construction contract.** Materials purchased on or off the reservation by American Indian or non-American Indian contractors and subcontractors for use in construction projects on the reservation when the tribe or a tribally owned entity is a party to the contract, and the contract is being undertaken for the purpose of the tribe's welfare. It does not extend to the purchase or lease of equipment or tools for use on the project.

33. TV commercials. Covers TV commercials and tangible personal property primarily used or consumed in pre-production, production or post-production of a TV commercial. Includes rental equipment for preproduction and production activities only. (Equipment purchased for use in any of these activities is taxable.) *Fact Sheet 163, TV Commercials.*

34. Veteran organizations. Limited exemption applies to purchases by veteran organizations and their auxiliaries if they are organized in Minnesota and exempt from federal income tax under IRC Section 501(c)(19); and the items are for charitable, civic, educational or nonprofit use (e.g. flags, equipment for youth sports teams, materials to make poppies given for donations).

35. Waste-management containers and compactors purchased by a waste-management service provider to use in providing waste-management services that are subject to solid-waste management tax.

36. Wind energy systems. Wind energy conversion systems and materials used to construct, install, repair or replace them.

37. Construction contracts. When a new local tax is enacted, a contractor is allowed exemption from the new local tax on building materials during the transition period. Contractors must have documentation of a lump-sum contract in force before the new tax begins and deliveries must be made within the specific transition period.

38. Preexisting construction contracts and bids. The general state sales tax rate change from 6.5 percent to 6.875 percent on July 1, 2009 allows a contractor an exemption from the .375 percent tax increase on building materials or services purchased during the transition period (July 1, 2009 - December 31, 2009). The prior state rate of 6.5 percent is still due on these items. (M.S. 297A.68, *subd.* 39.)

For construction contracts, (1) the contractors must have documentation of a bona fide written lump-sum or fixed price construction contract in force before July 1, 2009; (2) the contract must not provide for allocation of future taxes; and (3) for each contract, the contractor must give the

seller documentation of the contract on which an exemption is to be claimed. Deliveries must be made before January 1, 2010.

For construction bids, (1) the building materials or services must be used pursuant to an obligation of a bid or bids, the bid or bids must be submitted and accepted prior to July 1, 2009; (2) the bid or bids must not be able to be withdrawn, modified or changed without forfeiting a bond; and (3) for each qualifying bid, the contractor must give the seller documentation of the bid on which an exemption is to be claimed. Deliveries must be made before January 1, 2010.

O. Percentage exemptions

- **Advertising materials:** Percentage exemptions may be claimed for advertising materials for use outside of Minnesota or local taxing area. Purchaser must enter exempt percentage on Form ST3. *Fact Sheet 133, Advertising - Creative Promotional Services.*
- **Utilities:** Exemption applies to percent of utilities used in agricultural or industrial production. General space heating and lighting is not included in the exemption. Purchaser must enter exempt percentage on Form ST3. *Fact Sheets 100, Agricultural Production; and 129, Utilities Used in Production.*
- **Electricity:** Exemption applies to percent of electricity used to operate enterprise information technology equipment, or used in office and meeting spaces, and other support facilities in support of enterprise information technology equipment. Purchaser must enter exempt percentage on Form ST3. *Revenue Notice 12-11: Sales Tax - Exemptions - Qualified Data Centers.*

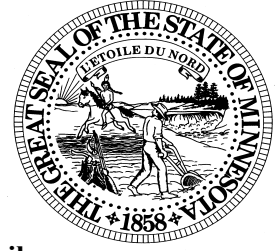
Forms and information

Website: www.revenue.state.mn.us.

Email: SalesUse.Tax@state.mn.us

Phone: 651-296-6181 or 1-800-657-3777
(TTY: Call 711 for Minnesota Relay)

Office of the Minnesota Secretary of State
Minnesota Nonprofit Corporation | Articles of Incorporation
Minnesota Statutes, Chapter 317A



Read the instructions before completing this form.

Filing Fee: \$90 for expedited service in-person and online filings, \$70 if submitted by mail

A nonprofit corporation that wishes to apply for tax exempt status under 501(c)(3) to the Internal Revenue Service (IRS) cannot use this form for its articles due to the fact that the IRS has additional language requirements. See the instructions for further information.

The undersigned incorporator(s), in order to form a Minnesota Nonprofit Corporation under *Minnesota Statutes, Chapter 317A* adopt the following:

Article I – Name of Corporation (Required)

Article II – Registered Office and Agent (A Registered Office Address is Required)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------

Street Address (*A PO Box by itself is not acceptable*)

City

State

Zip

The Registered Agent at the above address is:

Article III – Incorporators (Required)

I, the undersigned, certify that I am signing this document as the person whose signature is required, or as agent of the person(s) whose signature would be required who has authorized me to sign this document on his/her behalf, or in both capacities. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------	----------------------

Incorporator's Name

Street

Address

City

State

Zip

Signature

Date

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------	----------------------

Incorporator's Name

Street Address

City

Zip

Signature

Date

Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

Office of the Minnesota Secretary of State
Minnesota Nonprofit Corporation | Articles of Incorporation
Minnesota Statutes, Chapter 317A



List a name and daytime phone number of a person who can be contacted about this form:

Contact Name	Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

INSTRUCTIONS

File your business document online by visiting our website at www.sos.state.mn.us.

This form is intended merely as a guide for filing and is not intended to cover all situations. Retain the original signed copy of this document for your records and submit a legible photocopy for filing with the Office of the Secretary of State.

A nonprofit corporation that wishes to apply for tax exempt status 501(c)(3) to the Internal Revenue Service (IRS), should not use this form for its articles due to the fact that the IRS has additional language requirements . Additional information on the language requirements can be obtained from IRS publication 557 at <http://www.irs.gov/charities> or by calling 1-800-829-1040. A sample set of articles of incorporation for a charitable organization with this required language is available in PDF format from the Minnesota Council of Nonprofits (MCN) at <http://www.minnesotanonprofits.org/nonprofit-resources/start-a-nonprofit/samplearticles.pdf>. After combining the IRS language with the requirements on the front of this form (such as by using the MCN sample form), submit the articles for filing to this office. Once the articles have been filed and returned to you, your organization's application for tax exempt status can be sent to the IRS. You may wish to consult with an accountant or attorney to verify if your organization needs to file additional information with the IRS for tax exempt status.

Article I – Name: (Required)

List the exact corporate name. A preliminary name availability check may be done by accessing our website at www.sos.state.mn.us.

Article II – Registered Office and Agent (A Registered Office Address is Required)

A Registered Office address in Minnesota is required. List the complete street address or rural route and rural route box number for the registered office address. A post office box by itself is not acceptable. If you have a registered agent, list the full name of the agent located at the registered office address. An Agent is not required.

Article III – Incorporators: (Required)

Only one incorporator is required. An incorporator must be an individual 18 years of age or older. List the name and complete address for each incorporator. A signature is required for each incorporator or by an Authorized Agent (The signing party must indicate on the document that they are acting as the agent of the person(s) whose signature would be required and that they have been authorized to sign on behalf of that person(s).) List the incorporators on an additional sheet if there are more than two incorporators.

Email Address for Official Notices. This email address may be used to send annual renewal reminders and other important notices that may require action or response. Check the box if you wish to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime telephone number of a person who can be contacted about this form.

**Filing Fee: \$90 for expedited service in-person and online filings, \$70 if submitted by mail
Payable to the MN Secretary of State**

Please submit all items together and mail to the address below:

FILE IN-PERSON OR MAIL TO:

Minnesota Secretary of State - Business Services
Retirement Systems of Minnesota Building
60 Empire Drive, Suite 100
St Paul, MN 55103

(Staffed 8 a.m. – 4 p.m., Monday - Friday, excluding holidays)

Phone Lines: (9 a.m. - 4 p.m., M-F) Metro Area 651-296-2803; Greater MN 1-877-551-6767

All of the information on this form is public. Minnesota law requires certain information to be provided for this type of filing. If that information is not included, your document may be returned unfiled. This document can be made available in alternative formats, such as large print, Braille or audio tape, by calling (651)296-2803/voice. For a TTY/TTD (deaf and hard of hearing) communication, contact the Minnesota Relay Service at 1-800-627-3529 and ask them to place a call to (651)296-2803. The Secretary of State's Office does not discriminate on the basis of race, creed, color, sex, sexual orientation, national origin, age, marital status, disability, religion, reliance on public assistance or political opinions or affiliations in employment or the provision of service.

IRS TAX EXEMPT STATUSES FOR FARMERS MARKETS: AT A GLANCE

IRS Status	501(c)(3)	501(c)(4)	501(c)(5)	501(c)(6)
Type	Charitable	Social welfare	Agricultural	Business league
Primary Purpose of Organization	Public education; poverty relief; erecting public structures; lessening burdens of government; combating neighborhood tensions, community deterioration, and delinquency	Furthering the common good and general welfare of the organization's local community (not only a specific group of people). Membership organizations must demonstrate that member services benefit the community as a whole.	Promoting the interests of people raising livestock or growing crops through better conditions, improved products, or occupational efficiency.	Improving business conditions for people with a common business interest. Must be an open membership organization providing membership support and collecting member dues.
Example Qualifying Market Activities	Public cooking demonstrations,, creating public venue for market, publishing newsletter, nutrition education for schools and low-income populations, locating market in food desert, establishing food stamp programs and donating excess produce.	Planning market to improve/beautify public areas, create better community shopping opportunities, and attract people to business district; vendor recruitment and support to revive local economy; donating to (c)(3)s.	Promotion and education about local farm products, business strategy training for farmer-vendors, providing new marketing outlets for farmers.	Securing space for farmers market, promoting farmers market, providing vendor education and training services.
Donations Tax Deductible	Y	N	N	N
Lobbying Allowed	Y (must be small, legislation only, no elections)	Y	Y	Y
Example Markets	Bellevue, WA Farmers Market donates over \$4,000 of produce/year to Hopelink, accepts WIC coupons, and offers free children's entertainment and other community services at market. Others: Webb City, MO; Hub City, SC; Tower Grove, MO; Houston, TX.	Palo Alto Farmers Market; donates proceeds to an organization serving seniors. Heart of the City Farmers Market in San Francisco's Tenderloin; provides fresh food to low-income residents. Others: Tenino, WA; Memphis; Rochester Downtown; New Hope, MN; Hillsdale, Portland, OR.	Franklin, TN Farmers Market; first goal of which is to "provide a venue for family farms to sell what they produce," distributed 27,000 lbs of excess produce to food insecure Franklin residents in 2008. Bath, ME Market; aims to "provide a direct venue" for Maine farmers.	Portland Farmers Market; operates 4 markets with vendor sales in excess of \$5 million and run by paid staff and an all-volunteer board, receives no city, state, federal funding. Others: Concho, AZ; Pendleton, OR; Athens; OH.
Number and Percentage of exempt Farmers Market Organizations with each designation as of July 29, 2010¹	53 43%	19 16%	14 11%	37 30%

*This document was compiled for the Farmers Market Coalition by Sarah Johnson and Katie Stewart

¹ Data obtained from IRS.gov, Tax Stats-Exempt Organizations, IRS Master File Data

marketshare [mahr-kit shair] -noun

1. Is a program of marketumbrella.org, which works to cultivate the field of public markets for public good.
2. These free documents (called "shares") are the best of "lessons learned" from public markets everywhere.
3. Employ as needed, & please feel free to tell us about your results, so that we can share those with other markets.



Organizational Details: partners

Markets, like other small organizations, often keep themselves small by believing in their own limited resources. They're prone to think that they can't take on new, even necessary, tasks because they believe they have to do it all themselves.

We routinely advise new—or even established—markets that if they have a need, they should *first look outside themselves to fill it!* Why not? Your existing staff is already committed, right?

For example, it's not uncommon for market staff to realize that they don't have time to make site visits to vendors. No matter. Even at marketumbrella.org—where we have a fairly large staff compared to most markets—we don't do all our own site visits. We let board members, volunteers, interns, agricultural extension agents, even chefs, do them! Best of all, these folks are *happy* to do them—and, it further invests them in the success of our markets.

By the same token, your staff doesn't have to do all of your marketing, fundraising, photography, or website development, either. If you're located in a town with a college or university, students will often be looking for projects like yours to fulfill class requirements, gain valuable work experience, or build their résumés.

As we noted in *Thoughts on Recruiting Vendors*, there are a wide variety of other groups and

associations that can help you market to their own memberships. Find out what groups your vendors belong to, and ask them to promote the market within their groups. They'll have a natural interest in doing so. If you've acquired vendors from local cultural associations (the Alliance Francaise, or the local Latin American Association, for example), vintners or brewers associations, seafood boards, and the like, ask them to mention the market in their newsletters or other member communications. You may also find natural marketing partners at City Hall, the local Agricultural Extension office, among HMOs, hospitals, nutritionists and dieticians, teachers associations, culinary institutes and cooking instructors, Kiwanis, Elks, and other service clubs—the list is virtually limitless.

We at marketumbrella.org go to outside sources to meet other needs, as well: Health department, agricultural extension agents, and chefs all have been willing to conduct safe food-handling workshops. Local economic development groups can advise vendors on how to be more successful entrepreneurs. Bilingual volunteers have been honored to provide translation services for members of their ethnic communities. HR consultants or even labor relations board personnel can give workshops on a wide range of employment issues. Whatever the challenge to your market, consider the resources *already available* in your community and seek assistance from them first.

Another reason to make partnerships a critical component of the way your market operates is to model the “bridging” form of social cohesion that markets strive to achieve. To be effective at building community among diverse demographic groups—rural and urban, rich and poor, old and young, black and white, native and immigrant, newcomer and old-timer—market personnel must be effective at reaching out to the various groups that are not represented among your existing circle of staff, board, vendors and volunteers. Partners help you do this.

Partners are also likely to bring you opportunities and resources you didn’t anticipate. You might, for example, approach a health care organization

with the idea of offering flu shots or blood pressure checks at market. A year later, you may be holding a second weekly market—on the grounds of the healthcare organization. That’s the beauty of partner synergism: the whole becomes greater than the sum of its parts.

Bottom line: the more people who are invested in your market, the more will shop your market and be committed to its long-term success.

marketumbrella.org [marketshare](#) [partners](#) page 2



mission | management | marketing | measurement

Thank you for using a share document. This 4M worksheet below is to help you think through what you just read and how to apply it to your situation. Read the share titled “The Strategy of the 4Ms” to learn more about this marketumbrella.org teaching tool.

Is this issue or strategy covered in your current mission (or values)? _____

Does your management structure allow you time to handle this, or is there another organizational partner to help?

How will you communicate to others about this issue or strategy (marketing)? _____

When and how will you measure the impact of this resolution of this issue or the completion of this strategy?



cultivating the field of public markets for public good



Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 4

The Governance Structure of Your Farmers' Market

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets
across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota
farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

Chapter 4

The Governance Structure of Your Farmers' Market

How a market is governed is controlled by many factors. Markets just forming or looking at their operational structure need to explore such topics in relationship to the market's goals and its potential growth. If the market is going to be small, only a limited amount of rigid structure will be needed. In any case, it is important that markets have rules that are flexible enough to accommodate change, yet rigid enough to ensure a smooth operation.¹

BASIC GOVERNANCE REQUIREMENTS

Informal Vendor Group

This market structure may or may not have a select group of vendors invested in decision-making. Even so, there usually does exist a vendor member who exercises a managerial function, albeit by default. As mentioned in the previous chapter, this decision-making individual or group exposes itself to litigation concerns.

Unincorporated Association

This unincorporated group may set up either a Board or committee to establish decision-making procedures. Again, a Board label will bind the group legally. Bylaws, rules and regulations (other sample rules and regulations) will determine how this group makes its daily decisions, which vendors are accepted into the market, and on what vision and mission the market will focus.

Vendor Association - for profit

In order to legally form a for-profit corporation or company, a group of vendors must decide to 'own' the market. The owners have final say on the decisions of the market. Bylaws, rules and regulations must be in place to provide a framework for decision-making and accountability. In addition, articles of organization or incorporation need to be drafted and filed with the appropriate agency.

Vendor Association - nonprofit

Applying for nonprofit status requires a minimum of three Board members. Again, Board language necessitates a careful review of the laws that govern duties and responsibilities of this group. By laws, rules and regulations, and articles of incorporation all apply to this structure.

City-run Market

City-run markets have been in existence for decades. The White Bear Lake Farmers' Market started in the 1970's as part of that city's initiative to spur economic development. In this case the City Council has a say in the overall direction and financing of the market while a city employee is charged with managing the day-to-day activities of the market.

Other cities may be willing to provide fiscal sponsorship for markets. In this instance, a group of volunteers may run the daily activities but the city provides banking and accounting support. Drafting a fiscal Memorandum of Understanding (see Appendix A) clearly enumerates the city's and the volunteers' responsibilities.

Drafting governance MOU is also good practice. Even though the city council and administrator may have final say in the general focus of the market, the market volunteers may wish to form a steering committee or advisory commission in order to have a mechanism for the day-to-day running of the market. Regular updates to the administrator and city council would be required. A word of caution: avoid the label of "Board" as this group may be legally liable for the decisions it makes. Allow the city council to take on that responsibility. Of course, no immunity from liability will protect anyone guilty of gross negligence.

¹ (Nennich 2006)

GOVERNANCE ORGANIZATION

Small organizations may form a Board of Directors which acts also as an Executive Board. The Board's Chair is the Executive Director. Larger organizations may elect to form a separate Executive Committee with its own Executive Director as Chair of that committee.

The Board sets out the organization's strategic goals but the Executive Director carries them out, in essence acting as the market's manager. Some markets may elect to hire another person as manager, leaving the Executive Director to take care of the more specialized activities such as fundraising or networking.

A market's bylaws need to include the structure of the governance team, duties and responsibilities of its members, application process and term limits. In addition, bylaws need to allow for the growth of the organization's governance team.

The Executive Director

Also known as the President or CEO of an organization, the Executive Director is responsible for the day-to-day management of an organization. Suggestions and strategic plans are ideally set up in conjunction with the Board of Directors. The Board grants the Executive Director the authority to run the organization. The Board may offer suggestions and ideas about how to improve the organization, but the Executive Director decides whether or not, and how, to implement these ideas.²

As the title suggests, the Executive Director needs to be informed of everything that goes on in the organization. This includes staff, membership, budget, company assets, and all other company resources, to help make the best use of them and raise the organization's profitability and profile.³

The Market Board of Directors

The general function of a Board of Directors is to establish a vision and mission for the market, guide the overall activities of the market and support the Executive Director and Manager.⁴ For small Boards (fewer than 20 members), the Board of Directors is essentially an Executive Board, with the Chair of the Board acting as the Executive Director.

Vendor-Only Boards

Most farmers' markets in Minnesota are run by a Board of Directors. Very small markets often have a Board composed of the membership. This type of Board has a direct interest in the success of the market; it is aware of the daily challenges and realities. Policies are put in place that ensures vendor success.⁵ Challenges with this type of vendor-only Board include conflict of interest in vendor-management disputes, lack of time to devote to meetings, and a lack of a broader vision of how the market fits in the community.⁶

Combination Boards

Board members selected from a wide pool of candidates may bring with them assets such as financial and marketing expertise and a broader outlook on community issues and needs.⁷ Ideally, farmers' market Boards are composed of five to fifteen directors, depending on the size of the market. At least 20% of a Board's membership should be composed of non-market members. Non-market members may consist of leaders in the community, media personnel, chamber of commerce members, or leaders from other walks of life. City- or community-run markets may consist of a much higher number of non-producers.⁸

² (Executive Director 2013)

³ (Executive Director 2013)

⁴ (Desmond Jolly 2008)

⁵ (Desmond Jolly 2008)

⁶ (Desmond Jolly 2008)

⁷ (Desmond Jolly 2008)

⁸ (Nennich 2006) (Nennich, *The Governance Structure of a Farmers' Market* 2006)

The Executive Committee

Large market Boards may elect to form a separate Executive Committee from the Board membership. Members of this committee assist the Executive Director in performing the particular functions of that office.

The Advisory Committee

Some farmers' markets, especially those run by organizations such as neighborhood foundations or municipalities, may wish to avoid the language of "Board" altogether and form, instead, an advisory committee. Duties and responsibilities may mimic a Board's but the legalities associated with this group are insignificant. An Advisory Committee, also known as a Steering Committee, recommends actions to a Board or a City Council, who then have the ultimate responsibility for the market's decisions.

Board Officers and Duties⁹

Chair

The chair convenes regularly scheduled Board meetings, presides or arranges for other members of the Board to preside at each meeting in the following order: vice-chair, secretary and treasurer. Additional duties are listed below:

- Oversees Board meetings
- Serves as ex-officio¹⁰ member of all committees except the nominating committee
- Works with the Executive Director to make sure Board resolutions are carried out
- Calls special meetings as necessary
- Appoints all committee chairs and recommends who will serve on committees
- Prepares agenda for Board meetings
- Conducts new Board member orientation
- Conducts annual performance evaluations
- Recruits new Board members
- Acts as an alternate spokesperson for the organization when the Executive Director is absent
- Consults with Board members on their roles and helps them assess their performance, individually and through an annual Board Self-Assessment

In smaller organizations, the Chair is also the Executive Director. In larger organizations, some of these duties are carried out with the Executive Director's input.

Vice Chair

The vice chair oversees committees on special subjects as designated by the Board. Other duties are as follows:

- Attends all Board meetings
- Serves on the executive committee
- Carries out special assignments as requested by the Board Chair
- Understands the responsibilities of the Board Chair and is able to perform these duties in the Chair's absence
- Participates as a vital part of the Board leadership

Secretary

The secretary is responsible for keeping records of Board actions, including overseeing the taking of minutes at all Board meetings, sending out meeting announcements, distributing copies of minutes and the agenda to each Board member, and assuring that corporate records are maintained. Other duties performed by the secretary include the following:

- Attends all Board meetings

⁹ (M. C. Nonprofits n.d.)

¹⁰ "Ex officio" means a member belongs to a committee by virtue of holding another office (Wikipedia, the free encyclopedia).

- Serves on the Executive Committee
- Maintains all Board records and ensures their accuracy and safety
- Reviews Board minutes
- Assumes responsibilities of the Chair in the absence of the Board Chair, Chair-elect, and Vice Chair
- Provides notice of meetings of the Board and/or of a committee when such notice is required

Treasurer

The treasurer makes a report at each Board meeting. The treasurer chairs the finance committee, if the organization is large, assists in the preparation of the budget, helps develop fundraising plans, and makes financial information available to Board members and the public. Additional duties are as follows:

- Maintains knowledge of the organization and personal commitment to its goals and objectives
- Understands financial accounting for nonprofit organizations
- Serves as financial officer of the organization and as chairperson of the finance committee
- Manages, with the finance committee, the Board's review and action related to the Board's financial responsibilities
- Fills out all forms required to run the organization
- Works with the Chair and the Executive Director to ensure that appropriate financial reports are made available to the Board on a timely basis
- Assists the Chair or Executive Director in preparing the annual budget and presenting the budget to the Board for approval
- Reviews the annual audit, as required by law, and answers Board members' questions about the audit

Recruiting Board Members

Farmers' market Boards run best when its membership represents both market vendors and the community that supports the market. Even though it is important to have vendors represented in the Board, most vendors often do not have the time nor the energy to devote to running the market, acquire funding, resolve conflicts and stay on top of the market finances. It is good practice to have some vendor representation on a Board, but realize that vendors need the time to do what they do best: be the best growers and producers to make the market successful.

Other members of a Board must include a city liaison, local business owner, community resident, youth and senior members of the community. A varied Board brings vitality and innovation to the governance of a farmers' market.

Identifying new Board members is done within the confines of the market's mission and goals, so the first step in any recruitment effort must include a thorough understanding and read of the market's mission, bylaws and rules. Prepare an application that Board members must fill out; schedule an interview to find out more about the potential member's abilities, interest and time commitment. Often, those already volunteering for your market will prove to be some of the most dedicated Board members.

The positions available and duties of each should be clearly defined. A good template to use for the recruitment process is found in Appendix A at the end of this chapter.

Once identified, a Board member should fill out and sign a Board Member Agreement Form found in Appendix B at the end of this chapter.

Evaluation of Board members (see Appendix C at the end of this chapter) should take place at the end of every year and certainly at the end of their term.

Functions of the Market Board

Planning

Board planning includes articulating the market's vision, mission, values, principles, strategic priorities, and overall direction. The Board is also in charge of developing policies that establish a framework for the actions and decisions of the farmers' market.¹¹

Monitoring

The Board monitors the effectiveness, quality, efficiency, and financial stability of the farmers' market as a means of ensuring accountability to vendors, the community, and funders.¹² It is suggested that Boards meet between 9 and 12 times each year, depending on the work that needs to be accomplished.¹³

Management

The Board ensures effective and efficient operation of the organization by defining the responsibilities, authority, and accountability of the farmers' market manager as well as by implementing appropriate recruitment, selection, and performance evaluation processes for this position.¹⁴

Enforcement

The Board enforces the rules and regulations of the farmers' market, usually through the farmers' market manager.

Best Practices

To ensure the professional governance for your market, the Board, Executive or Advisory Committee should follow these practices:

- All Board members should be personally committed to the mission of the organization, willing to volunteer sufficient time and resources to help achieve the mission of the organization, and understand and fulfill their fiduciary responsibilities.
- Nonprofit Boards must have a chair and a treasurer. A vice-chair and secretary are highly suggested.
- No Board member should occupy more than one officer position in the same organization at the same time.
- The majority of the Board should consist of members unrelated to each other or staff to allow for significant deliberation and diversity.
- Board members should serve for a 2 or 3 year term, renewable once and perhaps twice.
- Board membership should reflect the diversity of the organization's constituencies.
- Board members who are not employees should not receive compensation for their Board service, other than reimbursement for expenses directly related to Board duties.
- If staff membership on the Board is deemed necessary, it should be limited to the Executive Director/Manager but not in chair, vice-chair, secretary or treasurer roles.
- The Board nomination process should be announced to the organization's public, so that interested persons or community members can nominate themselves or others.
- Nonprofit Boards should hold quarterly meetings at a minimum.
- Board committees should be organized as needed to effectively structure member's roles and responsibilities.
- Each Board should annually evaluate itself with a survey and discuss the results¹⁵

Broad Duties and Responsibilities

Membership in a Board of Directors carries with it legally-binding duties and responsibilities. Every member of a Board, whether part of an incorporated organization or not, is equally responsible for understanding and abiding by these guidelines. What follows is a brief list highlighting the main duties. Read the [complete list](#) in the Office of the Attorney General web site for MN.

¹¹ (Nennich 2006)

¹² (Nennich 2006)

¹³ (M. C. Nonprofits n.d.)

¹⁴ (Nennich 2006)

¹⁵ (M. C. Nonprofits n.d.)

- Proper Duty of Care
 - Members must be active participants, attending meetings, contributing in other ways. Persons who do not have time to participate as required should not agree to be on a Board.
 - Members must assist the organization in procuring adequate resources to further its mission.
- Duty of Loyalty
 - Written policies should be established to avoid or deal with possible conflicts of interest.
 - Members must follow the organization's bylaws and rules and regulations, carry out the organization's mission, and assure that funds are used for lawful purposes.
- Duty of Obedience
 - Members should be familiar with laws that govern the organization as these relate to reporting, taxation, governance, etc.

Legal Responsibilities of the Board

The Board is ultimately responsible for the performance of the organization in all areas of its work and should ensure that the organization is in compliance with state and federal law. The following checklist of tasks nonprofits are legally required to perform is neither intended to be nor should be construed as legal advice.¹⁶

- Organizations with more than \$25,000 in financial activity should file IRS Form 990 with the IRS and the charities division of the Minnesota Attorney General's Office. Organizations with less than \$25,000 in financial activity should file the 990-N e-postcard
- Complete an audit if the organization's total revenue exceeds \$750,000 in a year, and file the audit with the charities division of the State Attorney General's Office
- Report a change of name, address or amendments to the articles of incorporation to the Secretary of State and pay any necessary fees for changes
- Make the IRS Form 990 and Form 1023 available to the public
- Report any Unrelated Business Income to the State Department of Revenue and the IRS, and send tax payments with IRS Form 990T
- Withhold taxes from employees, and send withholding payments to the IRS and Minnesota Department of Revenue
- Comply with laws that affect all employers, including Americans with Disabilities Act, Occupational Safety and Health Organization, Fair Labor Standards Act, Federal Insurance Contribution Acts, COBRA and Family Medical Leave Act
- Report any lobbying activities on the IRS Form 990, and register as a lobbyist if required by the Minnesota Ethical Practices Board
- Give receipts to donors for contributions over \$250
- Collect sales tax on items sold by the organization, unless tickets are sold to performances by a performing arts organization
- Get court approval for distribution of assets
- Register with the Gambling Board if the organization conducts charitable gambling activities
- Pay property taxes or obtain an exemption from the county where the property is located, if the organization owns real property
- Pay regular bulk mail rate or obtain a nonprofit bulk mail permit if the organization sends bulk mail
- Comply with the terms of donations; promises made to donors are legally binding. Funds given for specific projects or programs need to be kept separate
- Comply with Minnesota state law regarding conflicts of interest
- Make sure any professional fundraisers register with the charities division of the State Attorney General's Office, and file a copy of the contract
- Obtain city permits for all cities in which the organization actively solicits door-to-door by paid solicitors
- Record minutes of Board and annual meetings¹⁷

¹⁶ (M. C. Nonprofits 2011)

¹⁷ (M. C. Nonprofits 2011)

Individual Responsibilities of Board Members

Individual members of the Board can be required to:

- Attend all Board and committee meetings and functions, such as special events
- Stay informed about the organization's mission, services, policies and programs
- Review agenda and supporting materials prior to Board and committee meetings
- Serve on committees or task forces and offer to take on special assignments
- Make a personal financial contribution to the organization
- Inform others about the organization
- Suggest possible nominees to the Board who can make significant contributions to the work of the Board and the organization
- Keep up-to-date on developments in the organization's field
- Follow conflict of interest and confidentiality policies
- Refrain from making special requests of the staff
- Assist the Board in carrying out its fiduciary responsibilities, such as reviewing the organization's annual financial statements¹⁸

Governing Documents

Strategic Plan

“Those that fail to plan, plan to fail” is a favorite of successful managers. All of your market’s governing documents will derive their focus from the market’s strategic plan and mission statement.

Adopting a reasonable strategic plan and sticking to it is a valuable tool for improvement and growth. Tips for crafting a strategic plan include the following:

- Plan continuously
- Transition from the previous plan
- Set a solid foundation
- Begin with the end in mind
- Turn the mirror outward
- Be bold
- Do your part to make your plan successful
- Make sure the plan is actionable and gets off to a good start
- Make strategic thinking central to decision making
- Communicate thoroughly and often¹⁹

Mission Statement

A mission statement clearly and succinctly explains why a farmers’ market exists and who it serves. It’s truly the best way to start your farmers’ market journey to success.²⁰

Success or failure is not a matter of luck, circumstances, or fate. The power to achieve success with your farmers’ market is in your hands—and the first step toward achieving it is identifying specific goals. After all, it’s much easier to get what you want when you know where you’re going.²¹

“People with goals succeed because they know where they are going; it is as simple as that”.

– *Earl Nightingale*

Mission statements also play an important role in grant applications. If your farmers’ market does not know why it exists or where it is going, why would potential funders care?

Crafting a mission statement takes a few steps:

¹⁸ (M. C. Nonprofits 2011)

¹⁹ (Drouin 2013)

²⁰ (Nennich 2006)

²¹ (Nennich 2006)

1. Articulate the market's key goal: is it to provide an economic outlet for your vendors only? Is it to improve the access to healthy food in your community? Is it to educate consumers and youth? Is it to provide a welcoming environment for community residents?
2. Identify broad objectives to achieve those goals: will you bring vendors from all over the state? Will you provide scholarships? Musical and artistic entertainment?

The Maple Grove Farmers' Market mission statement:

"The Maple Grove Farmers' Market serves as a community gathering place for consumers to purchase locally grown products that promote healthy lifestyles while sustaining local agriculture. It is a market in which farmers, growers and producers sell their own products directly to the public, allowing consumers to have a direct relationship with the producer. This market emphasizes quality and freshness."²²

St Joseph's Farmers' Market's mission statement reads:

"The St. Joseph Farmers' Market, founded in 2000 under the auspices of Healthy Community Partners, has these central purposes:

- Building community relationships by directly linking those who produce food with those who consume it.
- Providing local producers an opportunity for optimum economic return through direct marketing of their products.
- Ensuring local consumers an opportunity for fresh, healthy food which is the harvest of their own bio-region. Retaining local money in the local area by direct exchange among people.
- Providing a natural setting that invites people to meet and to enjoy the yield of what a community working together can offer.
- Educating people toward greater understanding of their interdependence upon one another and their ties with the earth and, thereby, to an awareness that they are shareholders in sustaining this rural area."²³

Bylaws

The bylaws are the heart and soul of a farmers' market. Creating them should not be taken lightly. Instead, view the bylaws as the overall framework of the organization. Bylaws should not be confused with farmers' market rules and regulations, which may change frequently. Changing bylaws, however, usually requires a vote of at least two-thirds of the membership and such a vote may take place only at the annual meeting or a special meeting called for such a purpose. Small farmers' markets that are just starting may want to keep their bylaws simple.²⁴

At a minimum, bylaws for a farmers' market should contain the following:

- Official name of association
- Boundaries
- Purpose of the organization
- Information about the annual meeting
- Membership qualifications
- Election and voting procedures
- Officer titles, terms, and responsibilities
- The process of amending bylaws
- Explanation of how and when dues will be collected and by whom

²² (Maple Grove Farmers' Market web page n.d.)

²³ (St Joseph's Farmers' Market Web Page n.d.)

²⁴ (Nennich 2006)

- Brief financial responsibilities: depositing of monies in a bank account, the number of signatures required on each check, a person who has access to the account, where records are kept, the amount that can be spent by the Board without membership approval.²⁵

An up-to-date copy should be available at every meeting in case procedural questions arise.

In the very rare circumstance that your association would be called into court, your bylaws would probably be the most important document you have. Once approved, make sure your farmers' market follows its bylaws. Examples of bylaws from farmers' markets of different sizes in Minnesota are available at the end of this chapter.

If no bylaws are crafted, the corporation reverts to MN Statute 314A guidelines and procedures.

Markets that function under a city government or foundation will wish to craft its own bylaws and have them reviewed and accepted by the overseeing organization.

Rules and Regulations

Rules and regulations provide members with the information that they need in order to know if they are to be in compliance with the market. Such information should be given to every potential market member and signed by the market candidate before that person is accepted into membership. This signed document should be kept on file by the market management.²⁶

All market members should be made aware that it is their responsibility to read, understand, and follow the rules of the market. Market members should also be apprised that ignorance is not an excuse for failing to follow the market's rules.²⁷ Conducting an initial, private meeting with each vendor might be a means by which to ensure your vendor understands that abiding by all the rules is essential to his/her success and the market's success.

Below are twenty items common to many farmers' market rules and regulations. The list is comprehensive; smaller markets may not need to go into such great detail in explaining some of these matters. Sample of rules and regulations from some Minnesota farmers' markets are included at the end of this chapter.

Twenty Components Commonly Found in Farmers' Market Rules

1. Organizer or sponsor—identifies who runs the market and sets out its philosophy and purpose.
2. Market manager—identifies the person who makes decisions on the market's day-to-day operation, including who is in charge in the manager's absence.
3. Statement of market rules—makes the rules part of the agreement between the vendor and the market.
4. Definition of key terms—explains what key words or phrases (e.g., *vendor*, *allowable goods*, *categories of products*) mean in context.
5. Approval of vendors and products—defines who can sell (farmer/non-farmer distinction), and what can be sold (produce/craft/food distinctions).
6. Criteria for selecting vendors—establish any priorities or preferences and the basis for them as well as how market spaces are allocated.
7. Categories of products—specify rules for items such as baked goods, nursery plants, eggs, cheeses, meat, and processed foods; commonly related to inspections and handling.
8. Changes in ownership and vendors' rights—address issues such as transfer or change of business and seniority for market spaces.
9. Carrying rules—may allow farm vendors to sell products raised by other farmers.
10. Application process and fees—provides for the timing of application, selection and notification of vendors; sets the amount and payment of fees; allocates market spaces and locations.

²⁵ (Nennich 2006)

²⁶ (Nennich 2006)

²⁷ (Nennich 2006)

11. Types of vendors and length of market—create categories of seasonal and daily vendors and may include an actual contract or application to participate.
12. Membership and market organization—create operational structure for market; may also require a separate payment for membership in sponsoring organization.
13. Necessary documents and permits—list the various documents and licenses required to participate, including proof of insurance, tax permits, health inspection, and other licenses. A market may also require information such as farm plan, load lists for products raised, and proof of organic certification.
14. Market operation—provides detailed guidelines on issues such as set-up, clean-up, selling times, notification for non-attendance, pets, parking, samples, sanitation, signage, hawking, smoking, food safety, and food handling. Many provisions may be very detailed, making the operational rules the main part of a market's regulations.
15. Enforcement process—stipulates procedures for rule enforcement, including reporting violations, notice, penalties, suspension or removal, and appeals.
16. Rule and law compliance—incorporate applicable state and local requirements into market rules, with agreement that a vendor's responsibility is to comply.
17. Hold harmless and indemnification—establish vendor agreement to protect market organizers from any legal or financial liability in case of accidents or incidents at market.
18. Food safety and sampling—specify rules for handling and storing different types of foods, with guidelines for sampling if allowed.
19. Other provisions—identify requirements for labeling, posting farm name, using legal scales, accepting nutrition checks and food stamps, pricing guidelines, farm visits, and gleaning excess food.
20. Signature line—creates a binding agreement between vendor and market.²⁸

Sample Market Rules

- i) Riverwalk Market Fair: http://riverwalkmarketfair.org/files/2013/01/2013-RMF-Farmers-Market-Rules_e.pdf
- ii) Plymouth Farmer's Market: <http://www.plymouthmn.gov/modules/showdocument.aspx?documentid=7593>
- iii) Forest Lake Arts in the Park: <http://www.forestlakeparks.net/artsinthepark.html>
- iv) Grand Rapids Farmers' Market Rules and Guidelines: http://www.grfarmersmarket.org/wp-content/uploads/2013/04/rules_guidelines_040913.pdf
- v) Maple Grove Farmers' Market: <http://maplegrovemn.gov/around-the-city/farmers-market/indoor-farmers-market>

Annual Calendar

An annual calendar should include dates of all major activities that pertain to the market. Some markets have two annual calendars: one, specific to the Board; the other, specific to members. Annual calendars are used to keep the events of the market on track. They are excellent management tools.

Application Forms (Also see Chapter 5 Managing Your Farmers' Market) For Vendors

Every market should have a vendor application form for new members. Some markets require all vendors to reapply every year, with preference given to past market members. At minimum, application forms should require all the usual personal information plus questions relating to what the vendor will bring to market, how often they will come, special permits and licenses they need before selling, and whether they will be selling taxable items. Some markets include a request for past production history and references. Many markets have a probationary time for new members, usually limited to one season. Examples of vendor applications are included at the end of this chapter.

For a Market Manager

Whether the market manager is fully employed, paid a small stipend or serves as a volunteer, he/she should be provided with a written job description. The job description should be developed by the Board, often with the help of the present market manager. This job description should be reviewed on an annual

²⁸ (Nennich 2006)

basis. Several examples of job descriptions for a farmers' market manager can be found on the Web, at the end of this chapter or on the MFMA's web site Resource Library.

An important question that the Board needs to ask before hiring a manager is, "Do we want a real manager with hard-core management responsibilities? Or are we looking for a glorified worker to put out signs, make sure the place is clean, and perform other like tasks?" Is the Board willing to relinquish some of its authority to the manager to make decisions? Ideally, the Board should set broad guidelines within which the market manager must function. Decisions that need to be made beyond these guidelines must be taken to the Board. Obviously the narrower the scope of decision-making authority that the manager has, the more responsibility the Board must assume. However, the latter situation can lead to more and longer Board meetings.²⁹

Special Forms and Applications for Concession Stands, Prepared Food Vendors

Special forms and applications are recommended when vendors wish to sell or engage in activities that are beyond the norm for farmers' market vendors. Examples include vendors' selling under special legislation such as the "Pickle Bill," selling under an organic label, selling meats or prepared foods, or running a concession stand. The reasons for special permits are twofold. First, the market Board should know and approve any activities which might incur additional risk for the market. Second, having vendors sign a special application helps ensure that they understand that they must follow the rules and regulations associated with the activity for which they have applied. Special forms should always contain a statement saying that the vendor knows and understands the rules and regulations and assumes all risks. The statement should be signed and dated³⁰.

The Board may set special requirements before approving such an application. For example, one Minnesota market requires that a vendor who submits a special form to sell under the pickle bill must attend a class or workshop relating to safe food processing.³¹

CONCLUSION

However a farmers' market is governed, it must be run as a systematic, organized entity with the goal of serving vendors and the community. Remember that Boards govern, they steer the organization to achieve its goals. Managers, on the other hand, accomplish what the Board dictates. Managers in this case would act as a liaison between the market and the Board.

²⁹ (Nennich 2006)

³⁰ (Nennich 2006)

³¹ (Nennich 2006)

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APPENDIX A

Building A Better Board How to Make the Most MAP's Board Recruitment Service

DO:

- Take seriously your responsibility to ensure the future leadership of your organization
- Make recruitment a regular, on-going activity of the whole board
- Seek the counsel and involvement of your key staff and other board members
- Ensure that the board annually conducts a self-evaluation, reviews and updates the by-laws, reviews and updates the board manual
- Ensure that board policies are in place, up-to-date, and that you have Directors & Officers Insurance
- Be frank, honest, and positive about the challenges facing the organization, including your financial status
- Treat each board candidate as if they were a major gift prospect or donor. You can't go wrong!
- Develop a personalized cultivation plan for each board candidate
- Review the service of each board member annually and have a leadership plan in place for each

DON'T

- Wait until a crisis arrives to initiate recruitment activity
- Misrepresent or sweep organization challenges under the rug: they may be just the "hook" to a board candidate!
- Delay in contacting a candidate. It gives a bad impression of your organization!

A dozen possible questions to ask in the candidate interview/meeting:

1. Why are you interested in being a Board member?
2. What attracted you to our agency vs. other agencies?
3. What do you feel you can contribute to the Board? To the programs & services of our organization?
4. What do you hope to gain by being on the Board?
5. What strengths do you feel you will bring to the Board/program?
6. What weaknesses might you bring to your involvement on the Board?
7. Do you anticipate any conflicts of interest? (explain Conflict of Interest, give examples, state board policy)
8. How would your co-workers or other people you have worked with on a volunteer basis describe you?
9. The kind of time commitment involved in being a Board member has been explained; what problems, if any, do you anticipate with this? How much time per month are you able to volunteer?
10. What concerns do you have in light of what's been described regarding involvement and the expectations of being on the Board?
11. We'd like to gauge your interest level at least as of this point. How would you rate how interested you are in joining the Board of this organization?
 - 1 = Thanks, but I'd like to think about it
 - 3 = It sounds good, but I'd like to sit in on a board meeting first
 - 5 = I'm so excited, when can I start?!
12. What questions do you have about the organization, its programs or services, its finances, or the Board?

APPENDIX B

Sample Board Member Agreement

As a board member of XYZ, I am fully committed and dedicated to the mission and have pledged to carry out this mission. I understand that my duties and responsibilities include the following:

1. I am fiscally responsible, with other board members, for this organization. I will know what our budget is and take an active part in reviewing, approving, and monitoring the budget and fundraising to meet it.
2. I know my legal responsibilities for this organization and those of my fellow board members. I am responsible to know and oversee the implementation of policies and programs.
3. I accept the bylaws and operating principles manual and understand that I am morally responsible for the health and well being of this organization.
4. I will give what is for me a substantial financial donation. I may give this as a one-time donation each year, or I may pledge to give a certain amount several times during the year.
5. I will actively engage in fundraising for this organization in whatever ways are best suited for me. These may include individual solicitation, undertaking special events, writing mail appeals, and the like. I am making a good faith agreement to do my best and to raise as much money as I can.
6. I will actively promote XYZ and encourage and support its staff.
7. I will attend board meetings, be available for phone consultation, and serve on at least one XYZ committee. If I am not able to meet my obligations as a board member, I will offer my resignation.
8. In signing this document, I understand that no quotas are being set, that no rigid standards of measurement and achievement are being formed. Every board member is making a statement of faith about every other board member. We are trusting each other to carry out the above agreements to the best of our ability.

Signed _____ Date _____
Board Member

Signed _____ Date _____
Board Chair

Sample Recruitment Process/Board Orientation Checklist

- ___ 1. One - two Board members *and* Executive Director meet with candidate for 1 - 1/2 hours to give overview of agency, get to know each other. Review:
 - Board expectations - Board member
 - Strategic Plan - Board member
 - Financials (budget & recent financial statements) - Board member
 - Program description - Executive Director
 - List of current Board members - Board member
 - Board addition, orientation process - Board member
 - Value of belonging to this Board - Board member
- ___ 2. Board member follows up with candidate to assess interest level. If interested, invite to Board meeting as soon as possible.
- ___ 3. Executive Director presents candidate to Board via inclusion of resume in Board packet, time on Board agenda.
- ___ 4. Candidate attends Board meeting to observe, ask questions, and be interviewed by Board.
- ___ 5. Board interview candidate at Board meeting. Private Board discussion following interview, decide whether to invite candidate to join.
- ___ 6. One week after Board meeting, one or two Board members follow up with candidate. Make contact, answer questions, field concerns, invite to attend additional Board meeting(s) as a two-way trial.
- ___ 7. Candidate (Board member in-waiting at this point) attend 1-2 additional Board meetings as a 2-way trial.
- ___ 8. Invitation to join extended to candidate by Board Officer or Executive Director.
- ___ 9. Nomination of New Board member at Board meeting.
- ___ 10. Within one week of Board acceptance vote, give Board packet: Bylaws, Articles of incorporation, recent issue of newsletter, history brief of organization, strategic plan, financials (including budget and recent financial statements)
- ___ 11. Within one week of first official Board meeting, Board Officer follows up with new Board member.
 - Review Board commitments
 - Bring up-to-date on pertinent Board discussions
 - Review Strategic Plan and Board responsibilities related to it.
 - Field questions of new Board member
- ___ 12. New Board member attends MAP Board Boot Camp session within first 3 months on Board.

APPENDIX C

Sample Board Evaluation

An annual board assessment gives each board member the opportunity to evaluate the board's overall effectiveness at accomplishing its goals in a variety of activity areas. It can be scheduled to occur during a board meeting or completed by board members on their own time and later returned to the organization. Results of the evaluation can be shared at the next board meeting and followed by discussion.

A ranking system reflecting the level of accomplishment (excellent performance, adequate performance, inadequate performance and uncertain) within each task may be useful.

Please answer the following performance questions using the following scale:

Uncertain Inadequate Adequate Excellent

1. Please rate the board's comprehensive knowledge of board financial, legal and public responsibilities. Explain here if desired:
2. Please rate the board's representation of the organization to the public. Explain here if desired:
3. Please rate the board's understanding of the organization's mission. Explain here if desired:
4. Please rate the board's compliance with all legal regulations, licensing and other standards. Explain here if desired:
5. Please rate the board's effectiveness with regards to board practice, including bylaws, committees and procedures. Explain here if desired:
6. Please rate the relationship between the board of directors and the executive director. Explain here if desired:
7. Please rate the formal procedures for hiring, evaluating, managing and compensating the executive director. Explain here if desired:
8. Please rate the activity of the board in the organization's strategic planning. Explain here if desired:
9. Please rate the board's policy development and approval process. Explain here if desired:
10. Please rate the board's overall performance, especially regarding meeting attendance and participation. Explain here if desired:
11. Please answer the following questions in 3 to 4 sentences:
 1. Does your board have procedures for member succession and nomination? If so, how well do you think the current procedures serve your organization's needs? If not, please explain why.
 2. Does your organization participate in new board member orientation? If so, how? If not, why?
 3. Does your board of directors seek approval of outside counsel (legal, accounting, managerial)? If so, in what ways?
 4. Do you feel as if there has been any oversight in the organization's financial management, including but not limited to: income, expenses, borrowing, insurance coverage, audits, bank relations, and fundraising? If so, please explain.



MAP Board Profile Worksheet

	Term Ends				Term Ends				Term Ends				
	Board Member Name 1												
Categories to Consider													Check Here if a Board Need
Areas of Expertise/Skills													
Accounting/Finance													
Advocacy													
Business Analysis													
Facilities													
Fundraising													
Human Resources													
Legal													
Nonprofit Management													
PR/Marketing													
Real Estate													
Social Media													
Strategic Planning													
Technology													
Affiliation													
Client/Client-related													
Community Member													
Corporate													
Government													
Nonprofit													
Qualities													
Visionary thinker													
Critical thinker													
Connector													
Leadership skills													
Demographic Characteristics													
Male													
Female													
LGBT													
Under 30													
30-40													
41-50													
51-65													
Over 65													
Race/Ethnic Background													
African –American													
Asian													
Caucasian													
East African													
Hispanic/Latino													
Native American													

Additional Comments:

Sample Job Description for Board Members

by Kenneth N. Dayton's *Governance is Governance*

Function

- Provide governance to the organization, represent it to the community and accept the ultimate legal authority for it.

Planning Responsibilities

- Approve the organization's philosophy and review management's performance in achieving the philosophy.
- Annually assess the environment and approve the organization's strategy in relation to the environment.
- Review and approve the organization's plans for funding its strategy on an annual basis.
- Review and approve the organization's five year financial goals.
- Annually review and approve the organization's budget.
- Approve major policies.

Organizational Responsibilities

- Elect, monitor, appraise, advise, support, reward and change top management when necessary.
- Ensure that management succession is properly provided.
- Ensure that the status of organizational strength and manpower planning is equal to the requirements of the long range goals.
- Approve appropriate compensation and benefit policies and practices.
- Propose a slate of directors to members and fill vacancies as needed.
- Annually approve the performance review of the CEO and establish compensation based on recommendations of the Personnel Committee and chair of the board.
- Determine eligibility for and appoint board committees in response to recommendations of the Nominating Committee.
- Review the performance of the board annually and take steps to improve its performance.

Operations Responsibilities

- Review the results achieved by management as compared with the organization's philosophy, annual and long range goals, and the performance of similar organizations.
- Be certain that the financial structure of the organization is adequate for its current needs and its long-range strategy.
- Provide candid and constructive criticism, advice, and comments.
- Approve major actions of the organization, such as capital expenditures and major program and service changes.

Audit Responsibilities

- Ensure that the board and its committees are adequately and currently informed, through reports and other methods, of the condition of the organization and its operations.
- Verify that published reports properly reflect the operating results and financial condition of the organization.
- Ascertain that management has established appropriate policies to define and identify conflicts of interest throughout the organization, and is diligently administering and enforcing those policies.
- Appoint independent auditors subject to approval by members.
- Review compliance with relevant material laws affecting the organization.

(The descriptions in this sample were provided by Kenneth N. Dayton's *Governance is Governance* published by Independent Sector. Dayton has served on a number of nonprofit boards including the Rockefeller Foundation, the Mayo Foundation and Carnegie Hall, and acts as chairman for American Public Radio and vice chairperson of Independent Sector. Independent Sector is a nonprofit, nonpartisan coalition of more than 700 national nonprofit organizations, foundations and corporate philanthropy programs.)

Sample Board Meeting Evaluation

A useful strategy to evaluate your board of directors is to conclude board meetings by asking members to rate the meeting on an index card. The following questions can be answered in narrative, with a sliding scale, or yes and no answers.

1. Were the issues covered today significant to the organization? Yes or no? If no, please explain.

Alternative way of asking: On a scale of 1-5, 1 being not at all noteworthy and 5 being very noteworthy, rate the issues covered today for significance to the organization.
(not at all noteworthy) 1 2 3 4 5 (very noteworthy)

Alternative way of asking: In 3 or 4 sentences, please explain if you found the issues covered today significant to the organization and the reasons for your answer.

2. Did the materials you received prior to the meeting adequately prepare you to participate in the discussion? Yes or no? If no, please explain.

Alternative way of asking: On a scale of 1-5, 1 being very unhelpful and 5 being very helpful, rate the materials you received prior to the meeting for adequacy in preparing you for discussion participation.
(very unhelpful) 1 2 3 4 5 (very helpful)

Alternative way of asking: In 3 or 4 sentences, please explain if you found the materials you received prior to the meeting adequate in preparing for discussion participation.

3. Did the board conduct oversight of management or policy? If yes, please indicate which management or policy matters were discussed. If no, please provide reasons for the lack of discussion on oversight of management or policy.

Alternative way of asking: On a scale of 1-5, 1 being not very well and 5 being very well, rate the board's conduct in oversight of management or policy.
(not very well) 1 2 3 4 5 (very well)

Alternative way of asking: In 3 or 4 sentences, please review the appropriateness and accuracy of the board's conduct with oversight of management and policy.

4. Overall, was the meeting worth your time? Yes or no? If no, please explain

Alternative way of asking: On a scale of 1-5, 1 being not at all worth my time and 5 being very worth my time, did you think that the meeting was a good use of your time overall?
(not at all worth my time) 1 2 3 4 5 (very worth my time)

Alternative way of asking: In 3 or 4 sentences, please explain if you found today's board meeting worth your time and the reasons for your answer.

Sample Bylaws WITH Voting Members

The following bylaws are intended only as a model. They show some of the most general ways of writing bylaws. An organization has a great deal of latitude in shaping its bylaws, and does not need to follow this model. Keep in mind that the organization can and should amend its bylaws as often as necessary to keep up with changes to the organization. Organizations are free to reproduce all, or parts of the samples provided in this section.

Notes

1. Organizations with voting members should see the sample titled “Sample Bylaws WITHOUT Voting Members.”
2. Items highlighted **in bold type** signify **information specific to the organization**. Other information provided in this sample may not be adequate for all types of nonprofits and are provided only as an example.

BYLAWS OF

OF [NONPROFIT ABC]

The undersigned incorporator(s) is an (are) individual(s) 18 years of age or older and adopt the following articles of incorporation to form a nonprofit corporation (Chapter 317A).

ARTICLE I – NAME AND PURPOSE

Article I must be included. For organizations not incorporated, state that the nonprofit is organized in compliance with the laws of Minnesota.

The purpose statement must maintain the standards stated in IRS Publication 557 and give a brief description of the organization’s goals to ensure approval of Federal tax exemptions.

Section 1: Name: The name of the organization shall be **[NONPROFIT ABC]**. It shall be a nonprofit organization incorporated under the laws of the State of Minnesota

Section 2: Purpose: **[NONPROFIT ABC]** is organized exclusively for charitable, scientific and education purposes.

The purpose of this corporation is:

- **to support and conduct non-partisan research, education, and informational activities to increase public awareness of juvenile delinquency;**
- **to combat crime within neighborhoods; and**
- **to prevent community deterioration.**

ARTICLE II – MEMBERSHIP

Section 1 - Eligibility for membership: Application for voting membership shall be open to **any current resident, property owner, business operator, or employee of the city of Saint Paul that supports the purpose statement in Article I, Section 2.** Membership is granted after completion and receipt of a membership application and annual dues. All memberships shall be granted upon a majority vote of the board.

Section 2 - Annual dues: **The amount required for annual dues shall be \$100 each year,** unless changed by a majority vote of the members at an annual meeting of the full membership. Continued membership is contingent upon being up-to-date on membership dues.

A person or organization cannot automatically be made a member. Minnesota law states that a person may not be admitted as a member without the person's express or implied consent.

Members are of one class, with equal rights, unless otherwise stated in the articles and bylaws.

A nonprofit with voting members should hold at least one meeting of its members per year.

Section 3 - Rights of members: Each member shall be eligible to appoint one voting representative to cast the member's vote in association elections.

Section 4 - Resignation and termination: Any member may resign by filing a written resignation with the secretary. Resignation shall not relieve a member of unpaid dues, or other charges previously accrued. A member can have their membership terminated by a majority vote of the membership.

Section 5 - Non-voting membership: The board shall have the authority to establish and define non-voting categories of membership.

ARTICLE III — MEETINGS OF MEMBERS

Section 1 - Regular meetings: Regular meetings of the members shall be held quarterly, at a time and place designated by the chair.

Section 2 - Annual meetings: An annual meeting of the members shall take place in the month of **October**, the specific date, time and location of which will be designated by the chair. At the annual meeting the members shall elect directors and officers, receive reports on the activities of the association, and determine the direction of the association for the coming year.

Unless otherwise specified by the articles or bylaws, a quorum for a meeting of members is ten percent of the members entitled to vote at the meeting according to Minnesota law.

Section 3 - Special meetings: Special meetings may be called by the chair, the Executive Committee, or a simple majority of the board of directors. A petition signed by five percent of voting members may also call a special meeting.

Section 4 - Notice of meetings: Printed notice of each meeting shall be given to each voting member, by mail, not less than two weeks prior to the meeting.

Section 5 - Quorum: The members present at any properly announced meeting shall constitute a quorum.

Section 6 - Voting: All issues to be voted on shall be decided by a simple majority of those present at the meeting in which the vote takes place.

ARTICLE IV — BOARD OF DIRECTORS

Minnesota law requires a minimum of three directors. The statutory limit for a board term is 10 years.

Section 1 - Board role, size, and compensation: The board is responsible for overall policy and direction of the association, and delegates responsibility of day-to-day operations to the staff and committees. **The board shall have up to 20, but not fewer than 16 members.** The board receives no compensation other than reasonable expenses.

Section 2 - Terms: All board members shall serve two-year terms, but are eligible for re-election for up to five consecutive terms.

A board of directors must meet at least once during a fiscal year.

Section 3 - Meetings and notice: The board shall meet at least quarterly, at an agreed upon time and place. An official board meeting requires that each board member have written notice at least two weeks in advance.

Section 4 - *Board elections*: New directors and current directors shall be elected or re-elected by the voting representatives of members at the annual meeting. Directors will be elected by a simple majority of members present at the annual meeting.

Minnesota law requires a quorum of directors for the purpose of conducting transactions, to consist of at least one-third, of the directors currently holding office.

Section 5 - *Election procedures*: A Board Development Committee shall be responsible for nominating a slate of prospective board members representing the associations diverse constituency. In addition, any member can nominate a candidate to the slate of nominees. All members will be eligible to send one representative to vote for each candidate, for up to 10 available positions each year.

Section 6 - *Quorum*: A quorum must be attended by at least forty percent of board members for business transactions to take place and motions to pass.

Section 7 - *Officers and Duties*: There shall be four officers of the board, consisting of a chair, vice-chair, secretary and treasurer. Their duties are as follows:

According to Minnesota law, a board must consist of at least a chair/president and a treasurer. Other offices can be created as needed.

The chair shall convene regularly scheduled board meetings, shall preside or arrange for other members of the Executive Committee to preside at each meeting in the following order: vice-chair, secretary, treasurer.

The vice-chair shall chair committees on special subjects as designated by the board.

The secretary shall be responsible for keeping records of board actions, including overseeing the taking of minutes at all board meetings, sending out meeting announcements, distributing copies of minutes and the agenda to each board member, and assuring that corporate records are maintained.

The treasurer shall make a report at each board meeting. The treasurer shall chair the finance committee, assist in the preparation of the budget, help develop fundraising plans, and make financial information available to board members and the public.

Section 8 - *Vacancies*: When a vacancy on the board exists mid-term, the secretary must receive nominations for new members from present board members two weeks in advance of a board meeting. These nominations shall be sent out to board members with the regular board meeting announcement, to be voted upon at the next board meeting. These vacancies will be filled only to the end of the particular board member's term.

Section 9 - *Resignation, termination, and absences*: Resignation from the board must be in writing and received by the Secretary. A board member shall be terminated from the board due to excess absences, more than two unexcused absences from board meetings in a year. A board member may be removed for other reasons by a three-fourths vote of the remaining directors.

Section 10 - *Special meetings*: Special meetings of the board shall be called upon the request of the chair, or one-third of the board. Notices of special meetings shall be sent out by the secretary to each board member at least two weeks in advance.

Committees are assigned by the board of directors to work on specific issues facing the organization. Standing committees, such as an Executive Committee or Finance Committee, should be outlined in the bylaws, whereas ad hoc committees can be created for a time period set by the board of directors.

ARTICLE V – COMMITTEES

Section 1 - *Committee formation*: The board may create committees as needed, such as fundraising, housing, public relations, data collection, etc. The board chair appoints all committee chairs.

Section 2 - *Executive Committee*: The four officers serve as the members of the Executive Committee. Except for the power to amend the Articles of Incorporation and bylaws, the Executive Committee shall have all the powers and authority of the board of directors in the intervals between meetings of the board of directors, and is subject to the direction and control of the full board.

Section 3 - *Finance Committee*: The treasurer is the chair of the Finance Committee, which includes three other board members. The Finance Committee is responsible for developing and reviewing fiscal procedures, fundraising plans, and the annual budget with staff and other board members. The board must approve the budget and all expenditures must be within budget. Any major change in the budget must be approved by the board or the Executive Committee. The fiscal year shall be the calendar year. Annual reports are required to be submitted to the board showing income, expenditures, and pending income. The financial records of the organization are public information and shall be made available to the membership, board members, and the public.

Though not required, it is highly recommended that the executive director be required to attend all board meetings. This will ensure the executive director is aware of all board discussions and the board is aware of the executive's activities.

ARTICLE VI – DIRECTOR AND STAFF

Section 1 - *Executive Director*: The executive director is hired by the board. The executive director has day-to-day responsibilities for the organization, including carrying out the organization's goals and policies. The executive director will attend all board meetings, report on the progress of the organization, answer questions of the board members and carry out the duties described in the job description. The board can designate other duties as necessary.

ARTICLE VII – AMENDMENTS

Section 1 - *Amendments*: These bylaws may be amended when necessary by two-thirds majority of the board of directors. Proposed amendments must be submitted to the Secretary to be sent out with regular board announcements.

It is necessary for the bylaws to detail how they are to be amended. Because the bylaws are more detailed than the articles of incorporation, they should be updated and changed in accordance with the organization's growth and change. Membership organizations may involve their members in the amendment procedures.

Certification

These bylaws were approved at a meeting of the board of directors by a two-thirds majority vote on **May 22, 2001**.

Secretary _____

Date _____

A copy of the original articles and bylaws should be filed for the organization's records.

Sample Bylaws WITHOUT Voting Members

The following bylaws are intended only as a model. They show some of the most general ways of writing bylaws. An organization has a great deal of latitude in shaping its bylaws, and does not need to follow this model. Keep in mind that the organization can and should amend its bylaws as often as necessary to keep up with changes to the organization. Organizations are free to reproduce all, or parts of the samples provided in this section.

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1. Organizations with voting members should see the sample titled “Sample Bylaws WITH Voting Members.”
2. Items highlighted in **bold type** signify **information specific to the organization**. Other information provided in this sample may not be adequate for all types of nonprofits and are provided

Article I must be included. For organizations not incorporated, state that the nonprofit is organized in compliance with the laws of Minnesota.

The purpose statement must maintain the standards stated in IRS Publication 557 and give a brief description of the organization’s goals to ensure approval of Federal tax exemptions.

Minnesota law requires a minimum of three directors. The statutory limit for a board term is 10 years.

A board of directors must meet at least once during a fiscal year.

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The undersigned incorporator(s) is an (are) individual(s) 18 years of age or older and adopt the following articles of incorporation to form a nonprofit corporation (Chapter 317A).

ARTICLE I – NAME AND PURPOSE

Section 1: Name: The name of the organization shall be **[NONPROFIT ABC]**. It shall be a nonprofit organization incorporated under the laws of the State of Minnesota

Section 2: Purpose: **[NONPROFIT ABC]** is organized exclusively for charitable, scientific and education purposes.

The purpose of this corporation is:

- **to support and conduct non-partisan research, education, and informational activities to increase public awareness of juvenile delinquency;**
- **to combat crime within neighborhoods; and**
- **to prevent community deterioration.**

ARTICLE II – MEMBERSHIP

Section 1 – Membership: Membership shall consist of the board of directors.

ARTICLE IV – BOARD OF DIRECTORS

Section 1 - Board role, size, and compensation: The board is responsible for overall policy and direction of the association, and delegates responsibility of day-to-day operations to the staff and committees. **The board shall have up to 20, but not fewer than 16 members.** The board receives no compensation other than reasonable expenses.

Section 2 - Terms: All board members shall serve two-year terms, but are eligible for re-election for up to five consecutive terms.

Section 3 - Meetings and notice: The board shall meet at least quarterly, at an agreed upon time and place. An official board meeting requires that each board member have written notice at least two weeks in advance.

Section 4 - Board elections: During the last quarter of each fiscal year of the corporation, the board of directors shall elect Directors to replace those whose terms will expire at the end of the fiscal year. This election shall take place during a regular meeting of the directors, called in accordance with the provisions of these bylaws.

Minnesota law requires a quorum of directors for the purpose of conducting transactions, to consist of at least one-third of the directors currently holding office.

Section 5 - Election procedures: New directors shall be elected by a majority of directors present at such a meeting, provided there is a quorum present. Directors so elected shall serve a term beginning on the first day of the next fiscal year.

Section 6 - Quorum: A quorum must be attended by at least forty percent of board members for business transactions to take place and motions to pass.

Section 7 - Officers and Duties: There shall be four officers of the board, consisting of a chair, vice-chair, secretary and treasurer. Their duties are as follows:

According to Minnesota law, a board must consist of at least a chair/president and a treasurer. Other offices can be created as needed.

The chair shall convene regularly scheduled board meetings, shall preside or arrange for other members of the Executive Committee to preside at each meeting in the following order: vice-chair, secretary, treasurer.

The vice-chair shall chair committees on special subjects as designated by the board.

The secretary shall be responsible for keeping records of board actions, including overseeing the taking of minutes at all board meetings, sending out meeting announcements, distributing copies of minutes and the agenda to each board member, and assuring that corporate records are maintained.

The treasurer shall make a report at each board meeting. The treasurer shall chair the finance committee, assist in the preparation of the budget, help develop fundraising plans, and make financial information available to board members and the public.

Section 8 - Vacancies: When a vacancy on the board exists mid-term, the secretary must receive nominations for new members from present board members two weeks in advance of a board meeting. These nominations shall be sent out to board members with the regular board meeting announcement, to be voted upon at the next board meeting. These vacancies will be filled only to the end of the particular board member's term.

Section 9 - Resignation, termination, and absences: Resignation from the board must be in writing and received by the Secretary. A board member shall be terminated from the board due to excess absences, more than two unexcused absences from board meetings in a year. A board member may be removed for other reasons by a three-fourths vote of the remaining directors.

Committees are assigned by the board of directors to work on specific issues facing the organization. Standing committees, such as an Executive Committee or Finance Committee, should be outlined in the bylaws, whereas ad hoc committees can be created for a time period set by the board of directors.

Section 10 - Special meetings: Special meetings of the board shall be called upon the request of the chair, or one-third of the board. Notices of special meetings shall be sent out by the secretary to each board member at least two weeks in advance.

ARTICLE V – COMMITTEES

Section 1 - Committee formation: The board may create committees as needed, such as fundraising, housing, public relations, data collection, etc. The board chair appoints all committee chairs.

Section 2 - Executive Committee: The four officers serve as the members of the Executive Committee. Except for the power to amend the Articles of

Incorporation and bylaws, the Executive Committee shall have all the powers and authority of the board of directors in the intervals between meetings of the board of directors, and is subject to the direction and control of the full board.

Section 3 - *Finance Committee*: The treasurer is the chair of the Finance Committee, which includes three other board members. The Finance Committee is responsible for developing and reviewing fiscal procedures, fundraising plans, and the annual budget with staff and other board members. The board must approve the budget and all expenditures must be within budget. Any major change in the budget must be approved by the board or the Executive Committee. The fiscal year shall be the calendar year. Annual reports are required to be submitted to the board showing income, expenditures, and pending income. The financial records of the organization are public information and shall be made available to the membership, board members, and the public.

Though not required, it is highly recommended that the executive director be required to attend all board meetings. This will ensure the executive director is aware of all board discussions and the board is aware of the executive's activities.

ARTICLE VI – DIRECTOR AND STAFF

Section 1 - *Executive Director*: The executive director is hired by the board. The executive director has day-to-day responsibilities for the organization, including carrying out the organization's goals and policies. The executive director will attend all board meetings, report on the progress of the organization, answer questions of the board members and carry out the duties described in the job description. The board can designate other duties as necessary.

It is necessary for the bylaws to detail how they are to be amended. Because the bylaws are more detailed than the articles of incorporation, they should be updated and changed in accordance with the organization's growth and change. Membership organizations may involve their members in the amendment procedures.

ARTICLE VII – AMENDMENTS

Section 1 - *Amendments*: These bylaws may be amended when necessary by two-thirds majority of the board of directors. Proposed amendments must be submitted to the Secretary to be sent out with regular board announcements.

Certification

These bylaws were approved at a meeting of the board of directors by a two-thirds majority vote on **May 22, 2011**.

Secretary _____

Date _____

A copy of the original articles and bylaws should be filed for the organization's records.

Grand Rapids Farmers' Market

A 501(c) 6 Non-Profit Corporation

Bylaws

Revised: March 2013

Grand Rapids Farmer's Market a 501(c) 6 Non-Profit Corporation operates under the jurisdiction of the Minnesota Department of Agriculture and all members must follow the guidelines set by the state.

Market Operations

The Grand Rapids Farmer's Market is operated by the Board of Directors (Board) for the Corporation. The Board will be made up of the President, Vice-President, Treasurer, Secretary, Assistant Market Manager, Publicity Director, and one At-Large member. Officers will serve 2-year terms, with the President, Treasurer, Publicity Director, and At-Large member elected in even numbered years and the Vice-President, Assistant Market Manager and Secretary elected in odd numbered years.

The President, Vice President, Treasurer, and At-Large positions are not compensated. Market Manager, Assistant Market Manager, and Secretary positions are compensated at a rate approved by market membership.

The Market Manager shall be a hired or contracted position, with said hiring or contracting to be done by the Board. The Market Manager may be, but is not required to be, a market member. If the Market Manager is also a vendor, market management duties shall take priority over his or her own vendor operations. The Market Manager shall attend Board meetings and member meetings.

Market Member Eligibility and Categories

Application of eligibility standards: All members who join or have joined the market, do so under the eligibility terms that were in existence at the time of their joining. Subsequent changes in eligibility requirements do not disqualify an existing market member. Existing members who allow their membership to lapse for one full year (from beginning of one market season to beginning of the next market season) shall revert to new member status.

Geographic eligibility for all categories: Member production, gathering, and processing sites, and studios or workshops must be within the 50 miles radius of the market as defined in the Rules and Guidelines document. A Member's meat, poultry or dairy product that was **raised** within the geographic area and processed at any USDA or Minnesota Equal-To inspected facility is allowed.

Producers: Those who sell products grown, gathered, or raised by the member within 50 miles of the market. Products may include, but are not limited to: vegetables, fruits, meat, dairy products, eggs, honey, maple syrup, wild berries, wild rice, flowers, plants. "Raised by the member," when referring to livestock, means: animals born or hatched and raised on your farm; or animals owned by you and present on your farm from the point of day-old chick; or animals owned by you and present on your farm for a minimum of 45 days prior to slaughter.

Artisans/Crafters: Those who design and create non-edible products within 50 miles of the market.

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Processors: Those who make or process a food product in their own or leased/rented facilities within 50 miles of the market. The food product may or may not include their own grown, gathered, or raised product.

Supporting member: is an interested member of the community who is a non-vendor and wishes to support the market. This member does not have voting privileges.

The Board will be the final arbiter of eligibility. Prospective members who desire an exception to the eligibility guidelines may make their case in writing to the Board. The Board may use any criteria they choose to evaluate such exceptions, and are not obligated to grant exceptions.

Those in the producer category who meet geographic guidelines or who are granted an exception may join the market without additional review.

Those in the artisan/crafter or processor categories must submit their application for membership to a vote by the market members at a regular or special meeting. The market members may consider factors such as, but not limited to: uniqueness, quality, and appropriateness of the product; and current mix of vendors and products at the market.

All new farmers' market vendors are subject to a one year probationary period before they attain full member status. Their full member status must be approved or denied by the voting membership before the beginning of the next market season. Denial of membership may be appealed in writing to the Board of Directors.

If a new member fails to appear as a vendor at the Grand Rapids Farmers' Market for at least one market day during their probation year, their probation will be extended by one year if they choose to re-join the market.

Board Member Eligibility

To be eligible to hold the office of President, Vice-President, Treasurer, Assistant Market Manager, or Secretary, an individual must be a member of the market who is not in their probationary period.

In the event an officer is unable to fulfill the duties of his/her term, the remaining board members may appoint a member to serve in that position until the next election.

Meetings

The annual meeting of the membership of the Grand Rapids Farmers Market shall be held at the hour and date set by the board of directors. Notice shall be given by the secretary to all members of this association for the annual meeting, and for all regularly called meetings and special meetings. Notice shall be given to members at least 7 days in advance of any official meeting.

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Revised: March 2013

The president shall cause a special meeting of the membership to be called upon a written request of at least ten percent of the voting members, or upon a majority vote of directors. The notice of time, place, and purpose of such a meeting shall be given to all members within ten (10) days after the presentation of a petition or vote by the board to hold a special meeting. The special meeting shall be held within thirty (30) days after the presentation of a petition or vote by the board to hold a special meeting. Only business specified in the notice of the special meeting shall receive final action at said meeting.

A quorum shall be voting memberships in a number equal to 40% of the maximum number of vendors present at the highest attended market day during the previous season.

The latest edition of Roberts Rules of Order shall be the authority used to govern proceedings of the association, except when otherwise provided in standing rules or special rules.

Voting

One vote per membership.

Members in their probationary period have voice, but no vote.

No absentee votes.

No two members of the same family may be officers or Board members at the same time.

Officers will be elected at the first meeting of the year.

Fiscal Year

The fiscal year runs January 1 – December 31.

Annual Audit

The market membership shall annually appoint an audit committee consisting of three members not in their probationary period, to meet with the treasurer and conduct an audit of the market finances.

Vendor Conduct

The market membership shall establish a Code of Conduct for vendors.

The Rules and Guidelines shall be an official document governing vendor activities at the market. The Rules and Guidelines may be altered by a majority vote of a quorum of members present at any regular or special meeting.

Violations

The Market Manager has ultimate on-site authority to enforce all rules of the market. Refer to the Rules and Guidelines document for rules of the market.

The Market Manager may take any action deemed appropriate if a vendor does not follow the rules. The Market Manager has the right to request any vendor to immediately remove any merchandise deemed unacceptable. Membership fees and stall fees will not be refunded if a member is disciplined for a rules violation.

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If a member has a formal dispute or complaint, it must be submitted to the Market Manager and/or Board of Directors in writing. The Board of Directors will address all formal complaints.

Open and wanton disregard for either state or local market rules may result in immediate expulsion from the Market by the Market Manager. Anyone expelled may appeal to the Board of Directors. Membership fees and stall fees will not be refunded if a member is expelled.

The Board may appoint someone to inspect participating member farms or gardens to verify products sold at market are locally grown by the member and not purchased wholesale for retail use.

Amendment Policy

These bylaws shall be reviewed every two years. Members will be notified of any recommendations for changes. Bylaws may be amended by 2/3 vote of a quorum present at the next Market Meeting following such notification

Duties and powers of the elected Board of Directors

The Board may appoint permanent or temporary committees to address various market issues and needs.

Board members are obligated to disclose any conflicts of interest they may have in matters that come before the board. Disclosure may be noted in the board minutes, or may be a separate written disclosure from the board member. A board member shall recuse herself/himself from voting on a matter in which he/she has a conflict of interest.

The Board may meet outside of regularly called member meetings, to conduct business and tasks required of the Board by the bylaws and the Rules and Guidelines. A quorum for Board meetings shall be a majority of the Board.

President:

- Preside at meetings of this organization.
- Announce in sequence the business that comes before the group.
- State and put to vote all motions that arise.
- Enforce rules of debate that relate to order and decorum within the group, and conduct the meeting fairly.
- Declare the meeting adjourned.
- Approve the general outline of all publicity for the organization and grant interviews for news articles.

Grand Rapids Farmers' Market

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Revised: March 2013

Vice-President:

- Fill in for the President when absent.
- Perform any other duties delegated by the President provided they are in compliance with the rules of this organization.

Secretary:

- Keep the minutes of all group meetings.
- Keep on file all committee reports.
- Keep the membership roll with addresses both postal and electronic and phone numbers.
- Make the minutes and records available to members upon request. Minutes should include: date, place and time of meetings; all main motions; seconds to the motions; all points of order; outcomes of votes; adjournment.
- Handle all correspondence necessary for the functioning of the organization with the approval of the members.
- Maintain record books in which bylaws, rules and guidelines, and minutes are entered with amendments to these documents properly recorded, and to have the current records on hand at each meeting.
- Maintain files for insurance premiums, governmental forms and any other information pertinent to the organization.
- Notify membership of each meeting at least 7 days prior to meeting and conduct the general correspondence of the organization.

Treasurer:

- Handle the funds of the organization and maintain the checkbook.
- Pay all the bills upon the order of the organization.
- Make a financial report at meetings.
- Collect membership dues.
- Make a deposit of funds collected on a timely basis.

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Bylaws

Revised: March 2013

Market Manager - Assistant Market Manager

- Open, close and preside over the market.
- Collect stall fees.
- Enforce market rules and guidelines.
- Have information available for anyone interested in joining the market.
- Be available for customer concerns or complaints.
- Keep a list of members including addresses both postal and electronic and phone numbers.
- * Other duties as described in “Manager Job Description” document.
- * Other duties as described in “Assistant Manager Job Description” document.

Grand Rapids Farmers' Market

Rules and Guidelines

Revised: April 2013

Member Licenses, Permits, Taxes

Member is responsible for payment of his/her own state sales tax and must abide by all state and local ordinances. Member is responsible for obtaining all correct licensing for sale of their products, and for submitting copies of said licensing to the market manager by June 1; or with their application if a first-time vendor.

All members must each year provide the market with a Minnesota certificate of compliance for state sales tax, even if they are not selling taxable items. (Form ST-19; available from the Market Manager).

Any members required by law to carry a food handler's license or other licensing must have these posted at their vendor stall. Two copies of all licenses must be submitted to the market manager.

Member Rates and Terms

The annual membership fee will be set annually by the membership at the first meeting of the year. A member's annual fee will be due on the first market day they attend, or on June 1st, whichever comes first. Membership continues until first market day of the following year.

No new members will be admitted after June 1st of any market year.

A daily fee will be charged for each space a vendor uses. This fee will be determined by the membership at the first meeting of the year.

Members may elect to pre-pay their daily vendor stall fees. A punch-card will be issued to members who pre-pay in order to track their stall use at markets. The amount and terms for pre-payment will be set annually by the membership at the first meeting of the year. A member who has not pre-paid their stall fee or who does not have their punch card in their possession at the market shall be assessed the daily stall fee.

The person or persons who perform the Market Manager and Assistant Market Manager duties will receive a free stall space for that market day.

Geographic eligibility:

A map with a 50-mile radius circle from the market location should be sufficient to determine most geographic eligibility questions. For those prospective members at the far edges a calculation of straight-line distance via Google Earth from the markets current location to the prospective member's production location will be used.

Season:

Grand Rapids Farmers Market will be open from May through October. Opening dates will be set at the annual meeting in February or March. Closing dates will be determined at a meeting before the end of September.

Hours

May - October: Wednesday and Saturday, 8:00 a.m. to 1:00 p.m. or sold out.

Grand Rapids Farmers' Market

Rules and Guidelines

Vendor Activity Outside of Regular Market Season and Hours

The Grand Rapids Farmers' Market operates at its downtown location under a Memorandum of Understanding with the Grand Rapids Economic Development Authority. Market vendors may not set up a stall, table, canopy, booth, signage or other presence suggestive of a market vendor in the market location outside of the regular market season and hours, unless they have a separate agreement with the City of Grand Rapids. Vendors may make pre-scheduled deliveries to specific customers at the market location, so long as there is no stall set-up and no signage is displayed.

Meetings:

The annual meeting will be held in February or March; date and time to be set by the Board of Directors. A tentative schedule of regular meetings for the market season will be established at the annual meeting. The tentative schedule is subject to revision by the Board of Directors based on needs as the season progresses.

Rules for All Members

- All members must abide by and all products must comply with all applicable federal, state, and local regulations.
- Per the market's contract with the City of Grand Rapids, vendors may be working at the market location from 7:00 am to 2:30 pm. Sales hours are from 8:00 am to 1:00 pm.
- Due to safety concerns, vendors must arrive by start of market at 8:00 am. One warning shall be given per vendor for late arrival; market manager has discretion to turn away late arrivals.
- Members may sell only those products they themselves produced, grew, gathered, created or processed.
- Reselling of any product or the sale of goods that have been traded or bartered for is not permitted.
- Brand Names - Products which are offered for sale under a brand name other than the member's own branding are not permitted. Labels of third-party certifying agencies, eco-labels, or regional identity labels are permitted as long as the member's own identification is also present. Examples of permitted labels (not a complete list): OCIA, USDA Organic, Minnesota Grown, Food Alliance Certified.
- The sale or giving away of live animals on the market grounds is prohibited,
- Members and visitors and customers must not bring live animals into the Market grounds, with the exception of service animals, per state regulation.
- Member's family members and employees may sell. Member's children of 16 years or older with a valid driver's license may sell unaccompanied. Children under the age of 16 may sell, so long as they are accompanied at the market by the member, member's employee, or member's child of 16 or older with valid driver's license.
- Members are responsible for conveying rules and conduct expectations to their children and employees, and for ensuring appropriate behavior of their children at the market.

No organization may sell without approval of the board.

Members' Selling Space at Market

- Each vendor stall space will be the size of one vehicle and a 10' x 10' canopy, unless otherwise directed by the market manager.
- Members may choose to use more than one space.
- The member will be assessed a daily use fee according to the number of spaces being used by the member.

Grand Rapids Farmers' Market

Rules and Guidelines

- Canopies, tables, etc. if used, must be supplied by the member and fit within their spaces.
- Canopies must be secured, either by attaching the canopy to weights on the ground, or by securely attaching to a vehicle or trailer. If weights are used, they should be smooth without rough edges or sharp corners. This is necessary to avoid potential customer injury.
- Vendor spaces on market days will be filled with guidance from the Market Manager to ensure an orderly market.
- Walkways for customers must be kept open.
- Selling is allowed only in designated areas.
- No part of the market may be used for overnight storage.
- It is mandatory that members maintain appropriate standards of cleanliness and neatness at all times, in both personal appearance and their sales area. These standards are subject to inspection by the market manager. Everything must be removed at the end of the selling hours.
- Persons working at or associated with a vendor stall space shall not smoke in the sales area.

Conduct Guidelines

Members must treat other members, customers, and the Market Managers with respect and cooperation at all times. Members must each year read and sign the Grand Rapids Farmers' Market Code of Conduct, and submit the signature page to the market manager along with their membership application or renewal by June 1 or by the first day they attend the market, whichever is earlier.

Any member or their employee(s) or family member(s) who makes a frivolous report about another member to a city, state, or federal regulator shall be barred from participating in the market for the remainder of the season. No refund of market dues or daily fees shall be given to the member thus barred.

Non-Profit Organizations

No non-profit organization or corporation may hold membership in the market or sell products at the market.

Musicians and Poets

Musicians and poets are not permitted to sell their recordings or printed works at the market.

Musicians and poets are not permitted to perform for tips or donations at the market.

Incident Report

Any accident, injury, or other complaint with the potential for legal action that is made known to the Market Manager shall result in an Incident Report being filed in the market records for that day.

2013 YOUTH BOOTH RULES

The Youth Booth at Riverwalk Market Fair is open to any youth who has been accepted by RMF's Farmers' Market and/or RMF's Artists' Market. To see what products are eligible to sell in these Markets, please see their rules at www.riverwalkmarketfair.org > Be A Vendor tab.

The Youth Booth is made possible by collaboration between Riverwalk Market Fair (RMF), Healthy Community Initiative (HCI), Women In Northfield Giving Support (WINGS), and Northfield Enterprise Center (NEC).

The mission of the Youth Booth is to grow entrepreneurs.

To accomplish this mission, our collaboration is offering to any interested and qualifying youth the following:

1. The use of a 10'x10' tent.
2. Assistance in developing a business plan.
3. On-site assistance as needed.
4. Mentoring throughout the season.

RULES

1. A youth is anyone 19 years of age or younger -- or a year out of high school and younger. If a youth is under the age of 16, there must be an adult in the booth with them.
2. The youth must have eligible products for the Farmers' Market and/or the Artists' Market.
 - a. In the Artists' Market, youth must have made / created their own art work.
 - b. In the Farmers' Market, youth must have, for the most part, grown their own produce; or made the food they sell.
3. Youth may sell as representatives of a youth group, providing the group's adult advisor approves and is on-site during the Market.
4. The youth must post in the booth a placard listing their name and address (template provided by RMF).
5. Youth must complete a summary report at the end of their Market season.
6. Up to four youth may share the tent on any Market day.
7. There are 21 Market days available during the season for youth to sell their products. The number of Market days a youth may sell will depend on the total number of youth qualifying to use the tent. A coordinator will work with the youth to schedule the Market days.
8. Market hours are 9 a.m. through 1 p.m. each Saturday, June 1 through October 26 (except for Defeat of Jesse James Days). Booths must be set up no later than 8:45 a.m. and must be removed by 3 p.m.
9. All qualifying youth must attend a planning session with the collaborators prior to selling at Market.

Questions? Contact us at info@riverwalkmarketfair.org



Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 5

Managing Your Farmers' Market

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets
across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota
farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

Chapter 5

Managing Your Farmers' Market

A well-managed farmers' market looks effortless on market day. Most market managers know, however, the behind-the-scenes work is constant and never-ending yet amazingly rewarding.

There are several factors that have proven to create successful farmers' markets. Markets should strive to:

- Be a profitable outlet for vendors
- Create an enjoyable and memorable experience for customers and visitors
- Accept vendors that follow food safety rules and regulations
- Employ fair rules and apply them uniformly to all vendors
- Operate in an economically self-sustaining fashion, attaining funds from various sources
- Promote community
- Have the support and participation of the community it serves
- Work closely with and promote local businesses
- Become a tourist destination
- Provide outlets for farmers with CSAs
- Provide a stable venue for vendors and customers
- Be vendor-centered, helping vendors identify and make connections with other local food outlets including grocers, restaurants, schools, fairs and special events
- Be customer-centered: no customers, no market
- Provide information on licensing and help in improving vendors' business skills
- Pay a manager

THE MARKET MANAGER

Farmers' market organizers or institutions may charge vendor fees to cover the costs associated with market administration, but breaking even on costs can be challenging, particularly in the early years of the organization. Most farmers' markets operate on shoestring budgets, with the median annual operating budget being about \$2,000. As a consequence, 59 percent of farmers' markets rely exclusively on volunteer workers, and 39 percent have a paid manager with no other employees.¹ In some locations, Extension Service personnel fill the management function at no charge; other markets rely on local residents to volunteer for the job. Nevertheless, having a paid manager is an important sign that the farmers' market is financially viable, as mean sales at markets with paid managers are five times higher than at those with unpaid managers.²

Characteristics of a Successful Market Manager

There are proven market manager characteristics and skills that lead to a successful farmers' market. These include:

- Communicating the importance of the market's rules in such a fashion that vendors see compliance as being in their own best interests
- Adopting rules that are reasonable, fair and do not unduly burden the operations of the vendors
- Enforcing rules in such a way that the market remains true to its identity
- Knowing state and federal rules regulating food trade and sales to provide a safe food environment
- Having a deep interest and understanding of producers and vendors and the issues they face in today's economy
- Having a deep interest and understanding of today's farmers' market customers
- Understanding marketing principles; knowing how to apply these principles efficiently and effectively in communicating with customers
- Providing an attractive mix of products at the market
- Supporting continued growth of a loyal customer base

¹ (Tropp 2006)

² (Tropp 2006)

- Promoting the market to all stakeholder groups: vendors, customers, and interested public and private entities
- Seeking funding and a means of self-sustaining the market

Those aspiring to run a farmers' market or those looking to hire a manager need to look for candidates with the following leadership qualities: confidence in making decisions, decisiveness, creativity, trustworthiness and respectfulness. Being able to stay calm and composed when things don't go well, especially during market hours, is of paramount importance. You want customers who come to your market to experience a cheerful and friendly atmosphere no matter what is going on.³

Managers should be on the constant search for improvement of the market while at the same time setting reasonable goals, organizing paperwork, sequencing activities reasonably, assessing resources realistically, and using available resources wisely. Problem-solving and decision-making as well as evaluating personnel and the operation all become significant characteristics of new and seasoned managers.⁴

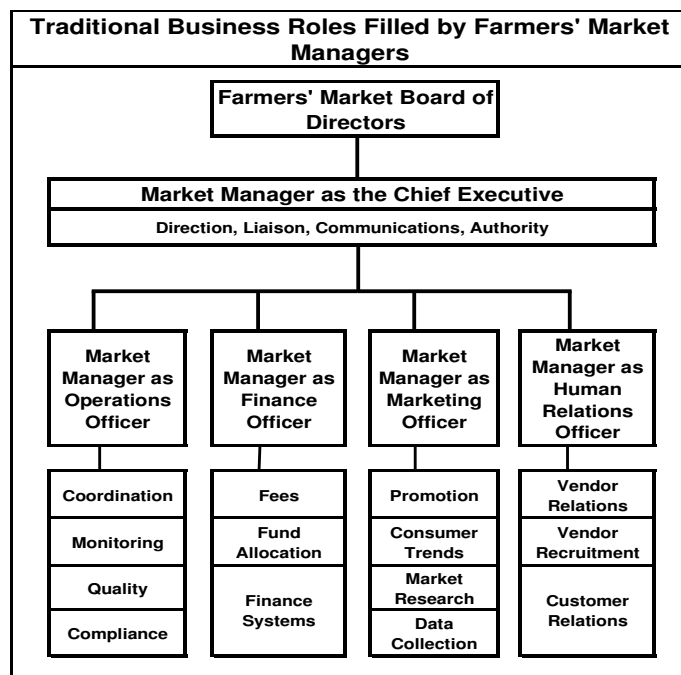
Duties and Responsibilities of Market Managers

To be successful, a farmers' market must function as a business. Its manager functions in ways similar to those of a small business owner with multiple responsibilities. To provide clarity of function, some small business owners have often found it helpful to construct an organizational chart of their business.

The chart on the right is a generalized organizational chart which defines the roles that are assumed by a farmers' market manager and organizes them into functional business categories.

In a larger business each of these roles would be performed by different people. In most markets, however, it will be the market manager who fulfills most if not all roles.⁵

Separating responsibilities by management role highlights the different roles a manager has to fill. Understanding these different roles provides the opportunity to choose the best role to assume in a particular situation. For example, when encountering a rule violation during market hours while customers are shopping, the manager needs to function as an operations officer. It is not a time for negotiation or discussion about the value of the rule. Discussion about modification of market rules to improve market functioning should take place at a different time, when it also requires a more open attitude. In the latter situation, the farmers' market manager should function in a role usually assigned to a Chief Executive officer.⁶



The responsibilities listed below and assumed by a farmers' market manager have been categorized by business function. As a manager you may or may not assume responsibility for all the tasks listed below, but such a list helps to define the business roles mentioned above.⁷

³ (Desmond Jolly 2008)

⁴ (Desmond Jolly 2008)

⁵ (Foord 2006)

⁶ (Foord 2006)

⁷ (Foord 2006)

Manager as Chief Executive

In this capacity, a manager is expected to provide overall leadership of the market in conjunction with the market's board of directors. He or she must represent the market to external entities, both public (municipalities, state institutions, and non-profit organizations) and private (sponsors, local retailers, landlords), that have a stake in the market.⁸

The manager serves as communication link to the market's board of directors, vendors, customers, sponsors, and external entities. He or she functions as the final authority in interpreting and implementing policy and in enforcing market rules. In addition, a manager is expected to act fairly and honestly with all vendors in interpreting rules and regulations, work to achieve equitable and fair decisions, settle disputes in the market and mediate.⁹

Manager as Operations Officer

An operations officer ensures an efficient and effectively run market through oversight of the following activities:

- Compliance with applicable local, state, and federal regulations, ordinances, and codes in the areas of insurance (of both vendor and market), vendor and market licenses, sales tax when applicable, trade practices relating to food (food production and protection, weights and measures, packaging and labeling, food advertising, and food safety).
- Communication and enforcement of all farmers' market rules and regulations, monitoring all activities within the market and conducting farm inspections
- Adherence to quality standards established by the market such as ensuring sufficient product quantity and superior product quality, and ensuring a clean, safe, and inviting market environment
- Planning emergency procedures¹⁰

Manager as Financial Officer

Acting as a financial officers requires a manager to complete tasks such as collecting fees, allocating funds for facilities and other purposes, providing financial status reports and ensuring that proper financial systems are in place and that the market is financially sound.¹¹

Manager as Marketing Officer

A market manager accepts the tasks of promoting the market, tracking consumer trends, conducting market research including customer surveys, ensuring a market mix that meets vendor and customer needs, working with local media and arranging for special market days and events.¹²

Manager as Human Relations Officer

In this capacity, a market manager recruits and assigns vendor spaces, maintains effective relationships with vendors, keeps vendors aware of market policies, activities, and promotions, arranges regular meetings with vendors to get feedback and to communicate changes in and concerns at the market, seeks vendor input on issues, ensures effective customer relations, responds to consumer inquiries and deals with complaints and accepts suggestions from customers.¹³

Hiring a Manager

Finding a qualified market manager with experience and enthusiasm takes time and effort. The person you hire must be well-qualified, well-compensated and have staying power. Surveys have shown that frequent manager turnover is one important factor of why markets fail. The sample job description and

⁸ (Foord 2006)

⁹ (Foord 2006)

¹⁰ (Foord 2006)

¹¹ (Foord 2006)

¹² (Foord 2006)

¹³ (Foord 2006)

application included in Resources at the end of this chapter outline general duties and responsibilities in a candidate.

Hiring Employees

Interns

The IRS takes hiring employees seriously. It binds employers with strict guidelines (<http://www.dol.gov/whd/regs/compliance/whdfs71.htm>) that direct who can be hired as an intern or an independent contractor. To avoid penalties, follow the following guidelines for hiring interns and take a look at a sample internship opportunity for interns provided in the Resource Folder:

- Interns receive training similar to an educational environment
- The experience is for the benefit of the intern
- The intern does not displace regular employees but works under close supervision of existing staff
- The employer that trains an intern does not derive immediate advantage from the activities of the intern and may in fact at times be impeded
- The intern is not necessarily entitled to a job at the end of the training
- Employer and intern understand that the intern is not entitled to wages, if the internship is unpaid. Intern may get paid a stipend to cover the costs of travel and other ancillary expenses.

Independent Contractor

The IRS used to require that an independent contractor (IC) agreement pass a 20-factor test. In recent years, the IRS has adopted a simplified 11-factor test (<http://www.irs.gov/pub/irs-pdf/p15a.pdf>) employers must use if they wish to classify workers as IC. The test can be found on page 7 of the linked publication.

The main issue central to calling someone an IC is the degree of control an employer has over a person's work. If the method by which services are performed is of importance, then the worker is not a contract employee.

The new broad categories include:

Behavioral Control: how the worker does the task for which the worker is hired

- IC's are not subject to the business' instructions about when, where and how to work, what tools to use, what assistant worker to hire, or what sequence or the order in which the work needs to be done
- IC's are not given instruction; however, even if no instruction is given, make sure there is not sufficient behavioral control present
- The business has given up the right to control the details of a worker's performance

Financial Control:

- IC's have unreimbursed expenses (travel, materials)
- IC's have significant investment in the location where they perform their work
- IC's make their expertise available to others
- IC's are paid by the job, not hourly, weekly or monthly (even if hourly, IC's are not guaranteed an hourly, weekly or monthly wage)

Type of relationship:

- Contracts must show the nature of relationship as being one of IC
- IC's do not receive benefits
- IC's do not provide services indefinitely; spell out an end/termination of contract period
- IC's do not provide services without which a business cannot survive or is a key service to the business

If you wish the IRS to determine whether or not a worker is an employee, file Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding (<http://www.irs.gov/pub/irs-pdf/fss8.pdf>). This is a good form to go through as you think about hiring

your IC or employees. Read through the form to generate a job announcement compatible with the IRS' IC status.

Other aspects of an employer-IC relationship include the following:

1. Provide no instruction on how, when and where the work is to be performed
2. Provide no training by either requiring worker to shadow an experienced worker, by corresponding with the worker
3. Do not require worker to attend meetings (no meeting requirement)
4. The success of the business/market does not depend on the worker's services. Worker's services must be ancillary to the main work of the business/market
5. Work does not have to be performed personally. Worker may work from his/her home.
6. Worker may hire, supervise and pay assistants. Worker is responsible only for the attainment of a result
7. Worker performs services at infrequent, non-recurring intervals
8. Worker is not given set hours of work. Most of the work needs to take place outside of set hours. Some say if the worker performs more than 50% of duties outside set hours, he/she is considered a contract worker
9. No full-time required. An IC is free to work when and for whom he/she chooses
10. Most of the work may not be performed on owner's premises
11. No sequence or order of services required
12. No oral or written reports required
13. No hourly wages; pay by the job. However, you may wish to pay a lump sum for the job on an hourly basis for ease of accounting
14. No payment for travel
15. Worker provides tools and materials (do not offer market computer, paper, etc)
16. An IC may invest in the maintenance of his/her own work space, a space not maintained by the owner (home office, rented space)
17. IC may realize a profit or a loss outside of the owner's business profit or loss (this may mean an IC may, as a result of working for one owner, acquire more jobs from other owners, or if the IC's car is broken into and his/her laptop is stolen, the owner is not liable for the products stolen)
18. IC may work for more than one firm (unrelated) at a time.
19. IC advertises his/her services on a regular basis and to the general public
20. IC cannot be fired. He/she can breach the contract and then be terminated
21. IC does not have a right to terminate his/her services before contract work is done. For example, he/she cannot give a 2-weeks' notice to quit

Make clear expectations

Your independent contractor agreement is an important tool for making expectations clear for your independent contractor. Being able to draft an agreement that clearly states job tasks, such as pay rate, a timeline for when tasks should be completed and other rights and obligations related to their work is essential. This is also important for tax purpose for both employer and independent contractor as a means to prove that there is no an employee-employer relationship.

In the independent contractor agreement you are allowed to be as detailed as you would like. Also, it is important to include a clause that says your independent contractor is **not an agent of the company**. The independent contractor should not act on behalf of the business or as market representative. If you clearly state rights and obligations it will help avoid any future conflicts.

Avoid the IRS misclassification

Avoiding the IRS misclassification might not be as clear cut as you might think. If you fail to manage and document your relationship with your independent contractors you can fall into a shady area were the IRS may decide to impose a penalty.

There is one general rule though, that should be clear from the beginning: the independent contractor should have a sufficient level of freedom, meaning that employers determine the task to be done, but the contractor has the decision on when and where to do it.

Volunteers

Even if your market has paid staff, a healthy dose of volunteers will add much life to the enterprise. Recruit early and often. Announce the need for volunteers in your web site, social media outlets, and local newspaper and at the market. For guidance on managing volunteers, see this worksheet from Market Umbrella (http://www.marketumbrella.org/uploads/file/MD_Volunteers.pdf)

Volunteers can help with vendor set up, customer relations, surveys, blood drives, fundraisers and outreach. As your volunteer base increases, so will your need to manage them efficiently. Free online tools include Sign Up Genius (<http://www.signupgenius.com/>) and Retriever of Volunteer Information and Reporting (<http://www.rovirinfo.com/>).

Practical Suggestions

Avoid creating taxable income for your volunteers

- Keep track of allowable, non-taxable payments (keep receipts)
 - Out-of-pocket expenses
 - Travel expenses
 - Living allowances
 - Stipends
- Volunteers may deduct only unreimbursed expenses as charitable donations
- If you offer director's and officers' liability insurance, your volunteers need not report this as income. This is a working-condition benefit of volunteering in your organization.

Protect them from liability from law-suits:

- For injuries incurred by your customers during the market
- For breach of contract
- For other employment-related issues (discrimination, wrongful termination, harassment)
- Officers are obliged to fulfill the three fiduciary duties of their state, even when they are volunteers of the organization:
 - Duty of care: prudential acts of persons under similar circumstances
 - Duty of loyalty: put the organization's interest first
 - Duty of obedience: act in accordance with both the organization's mission and applicable law
- The Volunteer Protection Act of 1997 (VPA) protects volunteers to some degree but only if they have not broken the law or have not engaged in misconduct. A volunteer of a nonprofit organization or governmental entity is not liable for harm caused by an act or omission done in the scope of responsibility on behalf of the organization. This applies if the volunteer was properly authorized and licensed, if such authorization is needed
- No laws can protect volunteers guilty of gross negligence, recklessness, or willful and wanton misconduct (theft, assault, battery, or other criminal acts) and wrongful acts committed while operating a motor vehicle
- The VPA does not cover the most common reasons suits are brought against volunteer board members and officers:
 - Employment disputes: when state and federal civil rights laws are violated (discrimination)
- MN Statute § 317A.257, *Unpaid non-profit directors*, also states:
 - The following people are not civilly liable for an act or omission if it was in good faith and within the scope of their official responsibilities:
 - a person who serves without compensation as a director, officer, trustee, agent or member of a non-profit organization,
 - a person who serves without compensation as a fire chief of a non-profit fire-fighting corporation or a municipal volunteer fire department.
 - *Exceptions:* an act or omission that constituted willful or reckless misconduct¹⁴

Protect your market by adopting the following recommendations:

¹⁴ (Steel 2010)

- Establish strong INTERNAL POLICIES: include in your bylaws board indemnification provision (everyone in a volunteer group shares in the cost of the litigation) protecting volunteers from claims exceeding insurance limits
- Include in your bylaws a non-discrimination clause¹⁵
- Establish written policies and procedures that document the proper way to conduct your operation and communicate these policies to your volunteers
- Implement preventive techniques to control the risks of injury to or by your volunteers. Create a safe environment
- Develop risk management policy approved by top management and regularly review to keep up with changes that your organization experiences
- Carry appropriate levels of general liability insurance that specifically covers volunteers
- Consider directors' and officers' insurance
- Add non-officers to the list of volunteers covered under your organization's policy¹⁶

A confluence of various factors needs to take place in order for volunteers to be liable for their actions. These include:

- The nonprofit had a duty of care with respect to those harmed
- The nonprofit breached its duty of care
- Harm actually occurred
- The harm that occurred was foreseeable
- The breach of the duty of care was a proximate cause of the harm that occurred and
- There were reasonable measures available to the nonprofit that would have prevented the harm from occurring¹⁷

Consider other means of protecting your volunteers and your organization by distinguish between employees and volunteers. Consider a waiver (<http://www.lawhelp.org/files/7C92C43F-9283-A7E0-5931-E57134E903FB/attachments/B2D45E53-D266-7BAB-6ECA-914B78E09076/alert-waivers-of-liability-for-volunteers-jan-2010.pdf>) if the activities may involve risk of bodily harm to the volunteer.¹⁸

VENDOR RECRUITMENT

Starting a farmers' market or sustaining one requires a constant search for vendors. Every year brings inevitable changes to the vendor make-up. Customers, too, want variety and uniqueness in the products they find at the market. Green peppers are fine but red, yellow, orange and brown ones are better. Offering customers the level of diversity they expect and desire is one of the manager's biggest challenges.¹⁹

The adage that "one farmer carrying a product is a monopoly, two is collusion and three is free enterprise" may sound reasonable to market organizers; convincing vendors that accepting that third baker will bring more customers all around might be a bit more difficult. Having your bylaws state clearly how many vendors of each kind you will have and making sure all your vendors understand the rationale is a step toward avoiding future conflicts.²⁰

One of the biggest challenges a market manager faces is establishing quotas for the various vendor types. What is certain is to avoid having just one vendor selling jams and jellies, for example, for the inevitable eventuality when that vendor can't be present at the market. Keeping at least 3 vendors of each type will ensure you have product coverage at every market during a season and that you have product for future seasons.

¹⁵ "The [your market] does not discriminate on the basis of race/ethnicity, color, national origin, sex, disability, veteran status, or age."

¹⁶ (Lopatka 2013)

¹⁷ (Steel 2010)

¹⁸ (Foerster 2010)

¹⁹ (Farr 2009)

²⁰ (Farr 2009)

Every season and throughout the season, market organizers need to identify the need for more vendors carrying existing or new products, review the customer base and conduct customer surveys to ascertain needs for new products.

Constructive techniques for recruiting new vendors include advertising in the local newspaper, contacting your local Extension office, Master Gardener's group, soil and conservation office, producer associations, Minnesota Grown directory, the Minnesota Department of Agriculture's database of farmers participating in Farmers' Market Nutrition Program, the USDA Farm Service Agency office, Farm Bureau, Farmers' Union, Farm Credit²¹ and other farmers, customers and vendors. Your local school district may have youth gardener programs looking for outlets for their products; community gardens and beginning and minority farmers programs are also good places to recruit.²²

After contacting these resources, you'll find there are more farms around your area than you thought. At the same time, realize that there are few market-ready farms; these are watching and considering participating in your operation. If they like what they see, they will eventually prepare and join.

Start vendor recruitment early during the fall months. Invite potential vendors to information sessions, workshops or conferences that showcase your market or your area's strengths.

Recruitment efforts must continue for the life of the market if you wish to keep offering your customers the variety, abundance and uniqueness they seek and expect.

Before accepting new vendors, make a cursory background check or a Google search to avoid surprises once the season starts. Ask for and check references on an application.

Finding the right vendor base sounds easier than it really is. Tips in establishing the right vendor balance include:

- Starting newer smaller markets with good vendors, not necessarily the 'best' vendors
- Realizing that newer farmers should expect to grow with their market and help it succeed
- Defining who can vend and sticking to it
- Being flexible
- Developing your vendors by providing farmer/vendor business planning and marketing support
- Specializing to become a new and creative type of market²³

VENDOR RELATIONS

There are many responsibilities a manager will take on during the running of the market; none is more important than creating a viable economic outlet for vendors.²⁴ Satisfied vendors are loyal vendors. Loyal vendors create a stability that is essential to the survival of your farmers' market. There is no farmers' market identity outside of your vendors.

Vendors may be put in a vulnerable position if the market is managed poorly. Take the time to know your vendors, what they grow, how they grow it, what skills they need to improve, what help they need from you and what you can learn from them. Some vendors have a keen business sense; their suggestions will only improve the overall operation and encourage more active participation in the decision-making process.²⁵

Set the right tone with your vendors by being available often, being friendly and respectful, patient, honest and fair. Find ways to talk with your vendors during market hours: offer free coffee at the market booth,

²¹ ((presenters) 2011)

²² (Farr 2009)

²³ ((presenters) 2011)

²⁴ (Desmond Jolly 2008)

²⁵ (Desmond Jolly 2008)

stop by their stands when they are not busy, encourage emails or phone calls.²⁶ Ask your vendors to evaluate you and the market periodically. Have them fill out an anonymous survey. Respond to their comments via newsletters, bulletin boards, or meetings. Do not leave comments unanswered. Try to create a team atmosphere.²⁷And by all means, have a party at the end of the season!²⁸

Managing Conflicts With Vendors

In every group there is always someone who finds it hard to be agreeable no matter what you do. They may take issue with your advertising campaign, the new vendors you are accepting, the placement of his/her stall, the extra charge for electricity...the list is endless. What's more, these grumblers usually spread discontent and may even affect the overall atmosphere of your market.²⁹

Since these vendors will surely take as much time as you'll give them, **confront the issue right away**. First, make sure you and your vendor understand what the problem really is. Ascertain if it is a systemic problem or one only this vendor is facing. It is easy for conflicts involving vendors and management to devolve into personality issues rather than ones involving concrete situations. Ask for evidence for the complaint and offer evidence to the contrary. Ask for ideas on how to solve the problem while offering suggestions of your own. Whatever you do, **do not leave the problem unresolved**.³⁰

Your bylaws are an essential tool in conflict management. They should include the steps to take in order to resolve conflicts. Follow your bylaws to the letter. Update as issues arise. When vendors do not follow the market bylaws, have a system for warning and dismissal. Keep written records of every step in this process.³¹And keep conflicts out of the spotlight of other vendors and customers. Managers might benefit from courses in conflict resolution. Read below for a fuller treatment of this important topic.

Accepting Vendors

Your bylaws should have clear guidelines as to the makeup of your farmers' market. These guidelines might need updating once in a while, but it is good practice to follow them from the start. If your Board or Advisory Commission has decided to limit value-added products to three of each kind, for example, do not accept more than three unless your existing vendors agree.

Draft an application that allows for a complete profile of the potential vendor. Examples are provided at the end of this chapter (<http://millcityfarmersmarket.org/wp-content/uploads/2011/12/2015-Pre-Application.pdf>). It is good practice to include the market's bylaws and rules with the application and any licensing information your vendors might need. Once the application is reviewed, take the time to meet the potential vendor, preferably during a farm visit. Sample the product and see the display that is anticipated. Ask for references or, better yet, visit other farmers' markets where the vendor sets up. Talk to those customers and learn how the vendor's customer service skills measure up to your market's standards.

Again, a cursory background check or Google search may yield pertinent information about the potential vendor.

Your market's bylaws should have clear procedures for accepting vendors. Follow them closely. Before your market season starts, schedule a vendor meeting. Making this meeting mandatory will not only increase participation, but it will also indicate the level of commitment your new vendors have to your market. Even if vendors are not able to attend this meeting, the manner and timeliness in which they let you know will tell you much more than an application can ever disclose.

Conducting Vendor Meetings

Calling a vendor meeting has been simplified by using free online tools such as Doodle (www.doodle.com) and Meeting Wizard (www.meetingwizzard.com). Send the invitation to the meeting at least two weeks in

²⁶ (Desmond Jolly 2008)

²⁷ (Desmond Jolly 2008)

²⁸ (Desmond Jolly 2008)

²⁹ (Desmond Jolly 2008)

³⁰ (Desmond Jolly 2008)

³¹ (Desmond Jolly 2008)

advance. About a week before the meeting, send everyone an agenda. A meeting agenda can be as simple as a list or as complicated as an agenda template from any software application. Ask your vendors for input. Impress upon them that only those items in the agenda will be discussed.

At the meeting, stay close to the agenda. Prevent any one person from monopolizing the meeting by sticking to Robert's Rules of Order (www.robertsrules.org). Under these rules, discussion of issues is limited to a few minutes and no one may discuss the same issue more than once after they have had a say.

It is not always possible to conduct face-to-face meetings with all the members of your market. In this case, issues may be discussed and decided over email. Your bylaws should spell out the governing principles of such a discussion and vote. Often, unanimous votes may take place via email. Just one dissenting vote will necessitate a face-to-face meeting.

Conducting Farm Visits

An inspection program will enhance and support your market's mission. It will also create a more professional approach to interviewing vendors and ascertaining if your growers actually grow their own produce and use practices that fall within your markets' parameters.

A good outline for farm visits is found in this publication (http://www.nyfarmersmarket.com/wp-content/uploads/2014/08/NYFM_Training_Manual.pdf) from the New York Farmers' Market. Refer to pages 105- 112.³²

The vendor application for the St Paul Farmers' Market (link below) also contains detailed questions that growers need to answer before they are admitted to the market. The template serves for a farm inspection protocol as well. (http://www.stpaulfarmersmarket.com/images/documents/064_MembershipApp.pdf)

One additional and brief farm visit/inspection manual comes by way of GrowNYC at: (<http://www.grownyc.org/files/gmkt/mkts/Rules2014.pdf>)

Conducting Market Compliance Checks

Most of the time, another vendor or a market volunteer will bring up issues of compliance. It is the manager's responsibility to address concerns as they come up. Alternately, you may wish to designate a Board member or market volunteer with the task of enforcing market rules or for demanding compliance. Your market bylaws should indicate if someone other than the manager will be given the task of enforcement.

MANAGEMENT STRATEGIES FOR THE MARKET MANAGER

Online Tools for Market Management

Smaller markets may be able to handle paperwork, licensing and accounting using such standbys as email, fax machines, phones and scanners. Larger markets may choose to hire someone or opt to make use of free or fee-for-service management tools found online. Examples of these tools follow:

- Manage My Market (www.managemymarket.com) is a farmers' market management tool that helps keep all the market's paperwork and accounting in one place. All the required paperwork vendors need to see and fill out are accessed online. Cost is \$15 per vendor per year (2014). This is a thorough management tool.
- You can also create shareable documents and forms using Google Docs to sign up vendors, survey vendors and customers, etc.

Online Shopping Tools

Keeping up with the popularity of online shopping is no easy task for farmers' markets. Although markets strive to create a personal bond between customers and vendors, the insistence on convenience affects farmers' markets as well. The following online tools make your vendors' products accessible every day of

³² (Farr 2009)

the week and all year round. Those customers looking for a guaranteed amount of canning tomatoes, for example, may pre-order them online from one of your vendors for pick up later at the market.

Local Food Marketplace (<http://home.localfoodmarketplace.com/>) “provides an online avenue for farmers to connect with consumers, restaurants, and institutions through local online markets.”³³ It helps farmers and farmers’ markets provide customers the convenience of shopping ahead of time from the comfort of home. Vendors can take advantage of communicating with shoppers about availability of products; customers can get information before going to the market, take advantage of bulk pricing and pick up their pre-paid orders at the local farmers’ market. The cost may be prohibitive for some smaller markets. The program starts at around \$1,000 (2012).

Local Dirt (www.localdirt.com) is another tool for online shopping at your farmers’ market. Vendors upload their profile and product availability; shoppers order online and pick up at the farmers’ market or at another designated site.

Online Presence

The **Minnesota Grown** Program (<http://www.minnesotagrown.com/>) was started over 20 years ago as a statewide partnership between the Minnesota Department of Agriculture and Minnesota producers. By purchasing a Minnesota Grown license (\$20 in 2015), growers and markets have access to the Minnesota Grown logo, newsletters, free stickers, posters and other marketing items, cost-share marketing materials and eligibility to be part of the Minnesota Grown Directory. For an extra fee (\$40 in 2015), a farmer, producer or farmers’ market is able to advertise in the Minnesota Grown online and paper directory.



The Minnesota Grown Program has over 1,100 diverse members including farmers' markets, CSA farms, garden centers, wineries, fruit & vegetable growers, pick-your-own farms, livestock producers, meat processors, Christmas tree growers, and producers of honey, wild rice, maple syrup, cheese, and other gourmet products.

Local Harvest (www.localharvest.org) is a nation-wide organic and local food website started in 1998 to provide a central location for finding local food from local farms. Local Harvest does allow free memberships, but those come with external advertisements on your page. To remove ads on your page, Local Harvest charges an annual fee of \$30. You may include quite a bit of information about your market, including specific products available and upcoming events, like indoor market hours. Keep the entries updated for maximum effectiveness. Individual vendors may also become members of LocalHarvest.

Evaluating Your Farmers' Market

Every year take the time to evaluate your market's progress in light of the mission and goals set out at its inception. Having a snapshot of how the year went and how it compares to other years or other markets will give you and your sponsors a good idea of the vitality of the market and its benefit to the area. Let the numbers and data tell the story of your market. Information gathered can then be used to garner more support for achieving your goals. Visit www.marketumbrella.org for fabulous free help in evaluating your market.

The following data should be collected periodically for an in-depth market evaluation:

- Record customer attendance; count cars
- Record vendor attendance and sales
- Conduct customer surveys formally and informally
- Ask how customers learned about the market
- Record the number of coupons that are redeemed
- Ask vendors to compare sales from previous years or other markets

³³ (Marketplace n.d.)

- Make charts of where your vendors come from, how much acreage they farm, and any other details that might complete the picture that is your market.
- Ask vendors what they did like about the market, every aspect of it
- Conduct a customer traffic flow study: have volunteers track as many customers as possible during their market visit. The most popular paths and those often missed will be revealed
- Conduct a Rapid Market Assessment Dot Survey (in Resources Chapter). This is a fun way to have customers answer just a few questions without having to answer them in an interview format. Choose your questions wisely since you don't want customers spending more than a few minutes at the polling station
- Use SEED (Sticky Economy Evaluation Device) to quantify your market's success, a free online tool from www.marketumbrella.org. Once on the site, search for SEED
- Design a broader community survey that can help you find out why people do NOT shop at your farmers' market. Enlist the help of a college marketing class³⁴

The importance of measuring market performance cannot be overstated. Data will reveal whether you are realizing your market's mission and vision and if you are achieving your market's potential. Your sponsors may wish to seek justification for donating to your market by seeing your claims about benefits in a tangible format. Evaluations will also open up funding opportunities and build more community support.³⁵

Communicating with Vendors and Board Members

Staying in touch with vendors, Board members and volunteers is essential for the smooth running of your market.

Start by uploading all your documents to Google Docs (<https://docs.google.com/>) or Dropbox (www.dropbox.com). These are 'cloud' document storage and retrieval services that make it easy for large groups of people to access data from anywhere. These services work well in the initial stages of market development when drafting documents that require frequent revisions by a number of people.

Wufoo (www.wufoo.com) is an online application that helps build forms of any sort and track data entered. You may embed the form in your web site. Surveys, invitations, mailing lists and contact forms are but a few of the forms available. The service ranges in price from \$0-\$200.

An easy and free way to conduct surveys on line is via Survey Monkey (www.surveymonkey.com). For the free option, you can construct a survey with up to 10 questions. Embed the survey in your web site or social media page.

As your market grows so will your email contact database. Using services such as Vertical Response (www.verticalresponse.com), MailChimp (www.mailchimp.com), Constant Contact (www.constantcontact.com) and iContact (www.iconatct.com) allows you to send large documents to a greater number of recipients than using typical email accounts.

When Board members are not able to meet personally, make use of the [Free Conference](#) call service. Each member is given a phone number to call and an access code. As each participant joins the call, a bell tone announces their arrival. Some technical issues do arise from time to time.

Customer Relations

If vendors are the first pillar that supports your farmers' market, customers are the second pillar. Managers who interact with their customers on a regular basis are well attuned to their expectations. They learn from customers why they shop at the market, what they like and don't like, and hear suggestions on how to improve the market. Sometimes these manager-customer interactions blossom into volunteer recruitment opportunities (http://www.marketumbrella.org/uploads/file/MD_Volunteers.pdf).

³⁴ (Farr 2009)

³⁵ (Farr 2009)

Formal or information customer surveys are essential in the evaluation of your market. Plan to conduct a few formal surveys during a season. Recruit volunteers to help or hire local youth from area schools. A marketing class may be willing to help put a survey together and conduct it for you.

Surveys are important evaluation tools and provide powerful incentives for your vendors to improve their offerings. Sample surveys are included at the end of this chapter in Resources.

Market Rules: Manager Strategies

Rules define the market. Management defines the character of the market.

The rules of the market define the market. An example of such a rule might be one that limits vendors to only those people who produce what they sell. A producer-only market is a different entity from a market without this restriction.

The way the rules are perceived and enforced defines the character of the market as much as the rules themselves. As the manager, your personality and management style will play a key role in the character of the market as perceived by both vendors and consumers.

The way you view and manage market rules can vary significantly, depending on the management role you adopt in any particular situation. It is instructive to consider the different ways that a Chief Executive officer and an operations officer would view and manage market rules.³⁶

The Chief Executive's View

The Chief Executive views rules in a global setting. Are the rules effective for our market? Are they easily enforced? Do we need rules that we do not have? Do we have rules that we should get rid of? Are the rules in alignment with the type of market that we want to create?³⁷

It is important to have rules that everyone understands and has agreed to. Agreed-upon rules help the market manager avoid having to make a large number of on-the-spot decisions. Such decisions can be perceived as favoritism. The executive's role is to consider the system, how it functions, and the process by which questions and disputes are resolved. The executive needs to convince vendors that the rules create a market that works for them. The executive also needs to establish systems of input from vendors and an appeals system for disputes, which will inevitably arise. Ultimately, the Chief Executive's task is to make sure that there is a set of rules that works for today, and a system that permits modification of rules to meet future challenges.

The Operating Officer's View

The Operating Officer's responsibility is compliance. His or her job is to make sure that everyone is aware of the rules and to enforce them. An Operating Officer's role does not include discussing the validity or merit of the rules. The market manager as rule enforcer has a balancing act to perform. Rules need to be enforced in a fair and equitable manner. Is there also room for flexibility, and if so, when?

Problems Created By Not Enforcing The Rules

Complete failure to enforce rules creates a major set of problems, as noted by Hamilton.³⁸ Failure to enforce some rules opens the door for vendors to choose the rules with which they will comply. If some rules have not been enforced in the past, people can expect this pattern to continue. Reversals on enforcement of rules may be perceived as arbitrary. Or such reversals may be interpreted as favoritism or unequal punishment. People then ask, "Why is this rule being enforced now?" A healthy market thrives on trust. Inconsistent enforcement, however, can create distrust. Inconsistent enforcement of rules can also have legal ramifications.³⁹

At the opposite extreme, overly strict enforcement can create an unpleasant atmosphere at the market. Sometimes, in fact, a warning may be more appropriate than a penalty. Yet giving warnings opens the

³⁶ (Foord 2006)

³⁷ (Foord 2006)

³⁸ (Hamilton 2002)

³⁹ (Hamilton 2002)

door for people to claim unequal enforcement of the rules. A market manager can then be put on the defensive. Still, from an operations perspective, what might be called “compassionate enforcement” may be an appropriate route.

The best balancing act contains the following elements:

- A good system to communicate rules
 - Communication systems with new vendors
 - Posting of rules for easy review and reference
 - Easily understood rules
- A good system to review and update rules
 - Ensure that all stakeholders have a part in the review process
 - Eliminate unnecessary rules
- Strict enforcement of the existing rules
 - Rules that are enforceable
 - An appeals process in enforcement
- Effective communication of the value of the market’s rules in terms of customer draw and appeal as well as of market growth and profitability⁴⁰

The guiding principle in enforcing rules should be a market atmosphere that works for both vendors and customers. It is the job of the Chief Executive to get the rules right. It is the job of the Operations Officer to enforce the rules in a manner that respects participants and maintains the character of the market. The following tips can help you achieve both functions:

Tips for effective market rules⁴¹

- Rules are easily understood.
- There are no unnecessary rules.
- Rules are complete.
- Rules are market-oriented.
- Rules are enforceable.

Beyond the practicalities inherent in this advice are legal issues that relate to market rules, which Neil Hamilton addresses. See the Bibliography section for more information.

Common Problems, Key Issues, and Challenges

Clearly, a farmers’ market cannot exist without its independent growers/vendors. But a loyal customer base is also necessary, and gaining that base is highly dependent on the creation of an attractive and appealing market atmosphere. The creation of such an atmosphere requires the commitment and cooperation of the market’s vendors. Although the market cannot exist without vendors, it will not survive unless its vendors commit to excellence in produce standards, to effective display practices, and to avoiding unhealthy pricing practices.⁴²

Absenteeism

The key to vendor success at a farmers’ market is customer relationships built on trust. If a vendor fails to show up, shows up late or leaves early but customers expect to acquire products from that vendor, those customers are disappointed and their trust in the vendor is broken. Such a situation fails to build a loyal customer base for either the vendor or the market. The importance of customers’ counting on consistent vendor presence cannot be overestimated. The first step in addressing absenteeism is the communication of this reality to vendors.⁴³

Who is the real competition at a market?

The view that a vendor’s greatest competition is another market vendor with similar products is understandable. Certainly your product must be competitive within the farmers’ market. But are other

⁴⁰ (Foord 2006)

⁴¹ (Hamilton 2002)

⁴² (Foord 2006)

⁴³ (Foord 2006)

market vendors the greatest threat? This question is best addressed by considering customers' perspectives and how they assign value to products. A vendor's real competition occurs in the minds of customers, where, according to Hughes and Mattson, the greatest competitor for customer dollars is likely to be the local supermarket.⁴⁴

Supermarkets have several features that customers find attractive. Tens of thousands of different products are available for purchase. A typical market might carry forty thousand SCU's (the standard stocking unit).⁴⁵ Stores are open every day of the year, except for some major holidays, and they provide a wide window of daily access, typically 14 hours a day. Almost anything you could want is available at almost any time you might want it. This situation provides great convenience, making supermarkets a destination and a habitual part of many people's routine.

In scientifically conducted taste tests, people were offered nine produce items. For four of those items, farmers' market produce was significantly preferred. For the other five items, however, tasters found no significant difference between products from the farmers' market and those from the supermarket.⁴⁶

This taste preference gives farmers' markets a competitive advantage. The value that the customer places on the taste of these products will need to outweigh the value of the convenience of the supermarket.

Competitive advantage and strategy

As suggested above, customers must choose between two opposed sets of values. A customer who shops at the supermarket chooses the convenience of selecting among a large array of products on a year-around basis but with compromised taste. On the other hand, a customer who shops at the farmers' market chooses improved taste but the inconvenience and inefficiency associated with a smaller array of products and small quantities of produce. A farmers' market's best competitive strategy, then, is to expand offerings of those products that have a taste advantage and to make sure that customers who come to the market have an opportunity to experience this taste superiority. Vendors who fight over existing customers at a market miss the opportunity for significantly greater profits that can come through strategies involving cooperation to increase customer draw and traffic flow. Fighting over a larger percentage of a small pie is a less profitable strategy than maintaining the same percentage of an increasingly larger pie.⁴⁷

Understanding this concept is so important that it has been laid out here in considerable detail. In fact, one study shows that a cooperative spirit among vendors and a good mix of vendors and products were critical factors in successful markets where vendor rivalry was not present. Other critical factors were a good set of rules and avoidance of price wars.⁴⁸

Verification of truth in labeling

The market needs to provide assurance to its customers that its products are what they say they are. This means that all vendors have to deliver on their promises. For example, products must be true to their labels (e.g., organic) and grown by the producer if the market has a producer-only rule. Verification of these facts is the responsibility of the market manager.⁴⁹

One way to accomplish this task is visit the operations of all the market's vendors. Maintaining a cordial and professional relationship with vendors enables such access and permits verification.⁵⁰

The idea of requiring an annual certification process for vendors is worth considering. Such a requirement eliminates a potential friction point among vendors, who might suspect other vendors of selling products they have purchased rather than products that they have produced.⁵¹

⁴⁴ (Mattson 1992)

⁴⁵ (Godin 2005)

⁴⁶ (Robert Sommer 1982)

⁴⁷ (Foord 2006)

⁴⁸ (Grow 2003)

⁴⁹ (Foord 2006)

⁵⁰ (Foord 2006)

⁵¹ (Foord 2006)

Refer to the publication "Food Standards and Labeling Policy Book" (http://www.fsis.usda.gov/OPPDE/larc/Policies/Labeling_Policy_Book_082005.pdf) for guidelines on labeling foods as 'organic' and/or 'natural.' Organic labeling carries with it some restrictions as well (<http://www.ams.usda.gov/AMSV1.o/getfile?dDocName=STELDEV3004446>). Give a copy to your vendors and cite the publications in any disputes that may arise due to mislabeling.

CONFLICT MANAGEMENT⁵²

Conflict Resolution and Issue Identification

As a market manager, you should consider including two tools in your manager's tool box. The first tool is conflict management skills. The section below that treats this topic is written by Candace Anderson from the University of North Dakota's Conflict Resolution Center. The second tool you should include is identification and prioritization of your activities for improving the market.

Conflict is inevitable and happens on a regular basis. Yet when we are confronted with it, we are rarely prepared. We feel out of sorts with ourselves and those around us, and we have a difficult time making important decisions. But conflict is natural to the human condition, and it does not necessarily have to be regarded as a negative experience. A healthy way to relate with conflict is to look at it as an opportunity for reflection and growth. When we gain a greater understanding of our ability to face new challenges, we gain the confidence needed to handle differences in a prompt, efficient, and respectful manner. It is important to remember, then, that a positive attitude toward conflict goes a long way toward preventing and successfully resolving disagreements.

Preventative maintenance

Preventative care is extremely important in managing any type of group. It is a good idea to lay out specific guidelines for your organization, getting everyone on the same page. Creating a document that contains your farmers' market policies and procedures is an excellent way to share important information with larger, interdependent groups. State your guidelines as clearly as possible and be open to any questions concerning those policies. Create a hierarchy of staff and board members that is available to address conflict. Specify this structure in your document. You will create less confusion for everyone involved if people understand who they need to talk to when they have a problem. As a market manager, it is your responsibility to follow through on the guidelines, so make sure you enforce the rules without exceptions. Questions about fairness and impartiality raise suspicions and can put a damper on open lines of communication. When individuals feel as if they are a part of a community that values openness, flexibility, and dedication to a common goal, they are better able to work with each other when tensions arise.

Understanding your capacity for conflict

As a manager, you spend your day interacting with a variety of personalities. It is important, then, that you are able to communicate effectively with everyone. It is advantageous for you to understand your own experience of conflict, being aware of how you react in difficult situations and learning new ways to work with your own conflict style. The more familiar you are with your ability to handle conflict, the easier it will be for others to communicate with you in a respectful manner. Courses in conflict management may be offered in your community. If so, they provide a wonderful opportunity to gain a broader concept of conflict, to develop interpersonal skills, and to learn a great deal about your own style of conflict.

Managing conflict effectively

You can do several things to manage conflict effectively and to make stressful situations less intense for all involved:

- Be prepared to facilitate a conversation. A neutral person can help people acknowledge problems and encourage them to seek collaborative solutions in settling their disputes.
- It is a good idea to ask for a convenient time to discuss the issues at hand. You don't want to catch people off guard. In fact, surprising people with an uncomfortable situation may intensify

⁵² (Anderson 2006)

their anxieties. Remember, others may respond to conflict differently than you do, so be respectful of their responses to the situation.

- Offer a neutral setting with little distraction so that people have an opportunity to express their frustrations in private. Giving them a safe space to discuss their differences allows them freedom to discover misunderstandings on their own and perhaps even acknowledge some of the other person's situation.
- Be a good role model by practicing attentive listening. Using nonverbal communication is an effective way to express to those involved that they are being heard—nod your head, add *um-hums* and *ah-has*—small cues that show you are listening and interested in what they are saying. When people feel that they are being heard, barriers to communication begin to dissolve and people start to feel better. This in turn improves their ability to take other points of view into consideration.
- Suggest that people brainstorm to find possible solutions to the problem. By offering market members a chance to work together and gain confidence in their abilities to communicate effectively with others, you reinforce a sense of openness and honesty within the market community.
- Follow up with each person involved to make sure the conflict has been resolved. Because unsettled disputes tend to fester into new issues, make sure that unsatisfied expectations are taken care of the first time. Vendors, board members, and staff will appreciate your attentiveness to their issues and feel more comfortable about dealing with conflict in the future.

Prioritizing activities for improving management⁵³

The success of the market and your success as a manager are functions in building a core customer base. The core customer base for a market is composed of groups of loyal customers developed through the actions of vendors who have made the market a profitable arm of their business. Overall, meeting the needs of individuals and providing great experiences for vendors and customers is your responsibility.

To achieve good experiences for customers, you may want to interact directly with them by seeking feedback. Or you may interact indirectly with them by providing vendors with education in merchandising and customer services. To achieve such experiences for vendors, you may interact directly with them through processes that assign stalls, assure product quality, and provide for safety through compliance with state and federal regulations. You may also work indirectly to achieve good experiences for vendors through your interactions with the market's board of directors.

To meet the needs of customers and vendors as well as to provide great experiences for both of them could generate a significantly large list of tasks. How can you prioritize your task list to identify those activities that will most efficiently and effectively achieve your goals? Meeting codes and complying with regulations are baseline expectations, somewhat akin to making sure that the tires on your automobile have sufficient air pressure, without which the vehicle doesn't move well—if it moves at all. But great customer and vendor experiences require more than baseline accomplishments. The whole vehicle needs to move in such a way that all passengers experience a great ride.

Vendors and consumers encounter similar milestones on their respective paths to the farmers' market. Milestones on the vendor's path differ from those of the consumer. If vendors' experience is a key part of market success, determining where points of friction exist and how vendors perceive them enable you to work on those issues that are most important to your vendors.

As an example of how to use the tool in Table 1, we can begin by labeling vendor milestones as sacrifices (see Table 2 below) and rewards (see Table 3 below):

⁵³ (Foord 2006)

Table 1 – Grower’s Pathway to Becoming a Farmers’ Market Vendor

Vendor's Pathway to the Farmers' Market				
Vendor Milestones/Components			Market Outcome Goals	
Discovery	Evaluate & Achieve Vendor Status	Market Day	Integration of Market into Vendor's Life	Market becomes an Extention of Vendor's Family
Media	Proximity	Harvest & pack day before	Selling at the farmers' market is a regular event	Vendor is on a first name basis with farmers' market manager
Market as part of community history	Market management			
	Start up or expansion needs	Market rules	Transport & booth setup	Vendor contributes time and energy toward improvement of market as an entity
Fit between vendor operation & market		Sales, booth mgmt., customer interface		
Growers' community supports farmers' markets	Estimate return to investment as vendor	Booth breakdown & return	Vendor continues to grow loyal customer group	Customers cannot imagine the market without this vendor
	Manage legalities - licenses, insurance	Financial reconciliation		
Recommendation				

Adapted from LaSalle & Britton, *Priceless - Turning Ordinary Products into Extraordinary Experiences*; Harvard Business School Press, 2003

Table 2 - Vendor Experiences as Sacrifices

A System to Evaluate Experience				
Vendor's Perspective	Determination of Value Lost through Effort/ Payout			Topic area
	Acceptable	Unacceptable	Intolerable	
Sacrifice	Product has to get to market physically	Poor systems increase set-up & break-down time	Favoritism toward some vendors	Travel, set-up, break-down
	Rules are necessary	Rules not oriented to the market	Poor enforcement or favoritism	Market rules
	Fees are necessary	Ineffective use of market revenues	Inaccurate financial reports	Fees
Impact	Low	Medium	High	Impact

Adapted from D. LaSalle, T. A. Britton, *Priceless - Turning Ordinary Products into Extraordinary Experiences*; Harvard Business School Press, 2003

Table 3 - Vendor Experiences as Rewards

A System to Rank Experiences - Reward				
Customer's Perspective	Determination of the Value Received			Item
	Ordinary	Extraordinary	Priceless	
Reward	Meets Expectations	Exceeds Expectations	Of Inestimable Value	
	Quality products, excellent variety of choices	A lesson in what fresh basil could bring to a spaghetti sauce	A taste experience that lasts for a lifetime*	Product
	Excellent sales skills	Vendor remembers the name of your 8-year old and that his favorite apple variety is Honeycrisp	The look on the face of your 2-year old when she tastes her first strawberry	Service
	Recipes & handling advice	An insight in food preparation that changes the way you cook an item	An insight in food preparation that changes the way you cook in general	Extended Service
Impact	Low	Medium	High	Impact
* A friend gave me a bottle of 30 year old Charles Krug Cabernet. It was a taste sensation, an experience I will never forget, and a brief glimpse into the wine connoisseur's world.				
Adapted from LaSalle and Britton, <i>Priceless - Turning Ordinary Products into Extraordinary Experiences</i> : Harvard Business School Press, 2003				

Transporting produce and setting up a booth necessarily contain elements of sacrifice. If handled poorly, this process increases friction and vendors’ experience is poor. Although some aspects of sacrifice will always exist, your goal is to determine vendors’ perception of a situation and then find ways to minimize vendors’ sacrifices. In other words, where are the grease points?

Some issues are rewards based on expectations. If your management of the market is effective, what actions can you take to increase the value of your service and thereby exceed the expectations of the people you serve? Reaching a management achievement level that is priceless is a challenge—and a rarer event. But a priceless experience creates a lasting—even lifetime—memory. Finding a way to generate some extraordinary and priceless experiences for your vendors and consumers adds depth and dimension to their farmers’ market experience.

DONATING EXTRAS TO LOCAL FOOD CENTERS

An excellent way for your market to create good will in the community is for your vendors to donate their food items that are in good condition but did not sell during the market. These donations can be counted as charitable donations for the vendors on their taxes. Here are some that are functioning in Minnesota; check with your local community resources as well:

- **Second Harvest** - farmers with truckloads of produce can call The Food Bank at 651.209.7956. Second Harvest will accept any sized donation and less-than-perfect produce. If farmers have extra land, they are encouraged to dedicate a portion to growing food just for the food bank through the Invest an Acre program (www.investanacre.org).
- **Family Pathways** - operates nine food shelves in MN and WI. Volunteers are able to drop by the farmer market and pick up any fresh produce or other market items your vendors may wish to donate. (www.familypathways.org)
- **The Refuge Network** - a women’s shelter located in Central MN also accepts food donations. Call their central line and ask to speak with one of their volunteers. (www.therefugenetwork.org)
- **Minnesota Food Banks** - an online portal to search for MN food banks. (www.feedingamerica.org)

CONCLUSION

The character of the market is a reflection of your leadership and management. The success of the market is an outcome of applying the management skills you can bring to bear on issues that surface at the market.

Top Ten Recommendations for Farmers' Market Managers⁵⁴

1. Visit your vendors' operations annually
2. Provide educational workshops for your vendors
 - a. Merchandising products: signage and displays
 - b. Improving the quality of products and services
 - c. Marketing techniques specific to farmers' markets
 - d. Pricing
 - e. Bookkeeping
3. Create off-season opportunities for vendors to meet with regulators.
4. Develop a deep understanding of the value of the market's rules - be able to sell the rules
5. Improve your management skills by attending courses
 - a. Classes in conflict management
 - b. Classes in communication
6. Start photo libraries of your market that show growth and create future historic photos
7. Have a price committee. Establish a floor price. Eliminate price wars.
8. Keep a daily market log
 - a. Record weather
 - b. Estimate attendance
 - c. Tally number of vendors
 - d. Record gross revenues
 - e. Create a market map for reports of accidents and their locations
 - f. Record events
9. Identify sacrifices and rewards for vendors and consumers at your market
 - a. Brainstorm about how you can reduce the impact of sacrifices
 - b. Increase the impact of rewards for the top three issues in your list for each group

⁵⁴ (Foord 2006)

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JOB DESCRIPTION

Lansdale Farmers' Market Manager

The Lansdale Farmers' Market seeks to hire a part-time Market Manager who will bring enthusiasm and dedication to promoting and operating the farmers' market in downtown Lansdale. The Market Committee is looking for a candidate that will manage day to day operations for the market and coordinate farmer relations, community outreach, promotions, fundraising and project management. Candidates should be energetic and committed to the success of the market, which was founded in 2009. The market is held Saturdays from 9 a.m. to 1 p.m. from June through November in downtown Lansdale, with 18 vendors from the region.

The Market Manager will implement the Market Committee's vision for the market and work with customers, food purveyors, farmers and other vendors to play a key role in maintaining and expanding market activity. The Market Manager should have 2 or more years of entrepreneurial experience, be passionate about food, local farming and agriculture, and be knowledgeable about the Lansdale community. Experience with electronic media and marketing is required. Experience with MailChimp and WordPress are highly desirable.

The Market Manager will perform the following job responsibilities:

- Coordinate day-to-day operations of the Market:
 - Handle opening and closing on market days (lifting up to 25lbs. may be required)
 - Staying onsite during market hours
 - Recruit vendors as needed
 - Administer leases to vendors
 - Collect rent
 - Develop budget projections
 - Authorize expenditures
 - Arrange and staff an information table at market
- Establish and maintain lines of communication with farmers and other market vendors:
 - Maintain relationships with farmers
 - Respond to vendor needs
 - Develop ways to assess standholder business
 - Coordinate training opportunities and business development assistance
 - Troubleshoot and mediate with vendors as needed
- Develop and execute a marketing and promotions plan designed to increase business at the Lansdale Farmers' Market:
 - Interface and report directly to the Market Committee on key market initiatives
 - Coordinate and attend monthly Committee meetings
 - Draft and send weekly market e-newsletter
 - Maintain and regularly update market website and social media accounts
 - Foster communications and meetings with vendors
 - Strategize to increase the market's customer base and business activity
 - Represent and promote the market in the community
 - Strategize to increase the market's customer base and business activity
 - Coordinate market volunteers that conduct monthly children's activity and story time

Schedule/Hours

This is a paid, part-time, year-round position for 10-15 hours per week, with more hours required during market planning months and throughout the market season. Attendance at market on Saturdays is required. Other work hours and work location are flexible.

Salary:

The Market Manager will be paid at a rate of \$15 per hour. The position is for an independent contractor and does not include benefits.

To apply, please submit a cover letter and resume to:
Lansdale Farmers' Market Committee, P.O. Box 1274, Lansdale, PA 19446.

Applications accepted through **March 1, 2011**.

New York State
Department of Agriculture & Markets
**FARMERS' MARKET
MANAGER APPLICATION FORM**

Note: New York's farmers' market system is *MUCH* different than Minnesota's, but the information in this application is good food for thought for us!

Applicant Information

Organization Name: _____

Address: _____

Office Phone: _____ Fax: _____

Email: _____

Website: _____

Social Media: _____

Applicant Type:

not-for-profit organization (provide number, proof of application or exemption)

NYS Charities Bureau Registration Number: _____

Principal Contact

Name, Title: _____

Address: _____

Office Phone: _____ Cell Phone: _____ Fax: _____

Email: _____

Do you or your organization possess a wireless EBT terminal? Yes No

If yes, New York State Wireless EBT Terminal # _____.

If no, submit proof of application with this Application Form.

Management Experience

Describe all relevant experience in managing farmers' markets and/or similar community organizations, events, festivals, etc. Provide the names, locations of all markets, similar events, festivals, etc. managed.

Operation & Management Plan

Describe an operation and management plan for the market. Provide the names, titles and job responsibilities of key individuals. Explain how the market requirements outlined in the procurement announcement and the goals of the New York State Fresh Connect Program will be met.

Market Advertising & Promotion

Describe how you will advertise and promote the market. Explain how you will attract customers to the market. Include an advertising and promotion schedule that includes traditional advertising efforts, as well as any special events, entertainment or educational programs you would propose to attract new customers to the market.

Community Outreach & Involvement

Explain how you will involve the local community through promotion, activities and/or partnerships. In addition, as the flagship market of the New York State Fresh Connect Program, one of the main goals of the market is to increase access to farm fresh products by low-income and underserved communities. Please describe low-income and/or underserved populations that could especially benefit from this market and how you will reach out and make the market accessible to them.

FARMERS' MARKET MANAGER PROPOSED BUDGET

Applicant: _____
 Please complete the following budget you propose for the 125th Street Fresh Connect Farmers' Market. For the purpose of this budget, please assume the market will operate 1 day a week for 30 weeks and there will be a minimum of 12 vendors.

INCOME		Budget Comments
NYS Grant (up to \$15,000)	\$	
Vendor Fees	\$	
Additional Sponsorships	\$	
Other Income	\$	
Income Total	\$	
EXPENSES		
Market Manager Salary	\$	
EBT Coordinator Salary	\$	
Advertising & Promotion	\$	
Entertainment/Education	\$	
Supplies & Equipment	\$	
Insurance & Permits	\$	
Contracted Services	\$	
Other Expenses	\$	
Total Expenses	\$	

Attach Market Budget Details

Attach a separate page to provide a reasonably detailed breakdown of each income and expenditure category above. Include detail regarding how budget amounts are derived. List salary and wage rates and estimated work days for market personnel. For any contracted service, provide the name(s) of known contractors. Provide a reasonably detailed breakdown of other expenses. The Department may request additional information as deemed necessary.

FARMERS' MARKET MANAGER CHECKLIST

Please complete and sign this checklist and submit it with your application form and any attachments.

- All sections are filled out to the best of your knowledge on the Application Form
- Registration number or proof of application for not-for-profit organization status
- Proof of wireless EBT terminal – either included number or proof of application
- Project Budget Details are complete
- Signed and dated this Checklist
- Additional pages are attached for further explanation of any answers in the Application Form
- Proposal submitted in time to be received by 4:30 p.m. on Friday, March 23, 2012
- Envelope is clearly marked with Farmers' Market Manager Procurement
- Envelope is addressed to: Emma Graham, Contracts & Purchasing, NYS Department of Agriculture and Markets 10B Airline Drive, Albany, New York 12235

I hereby certify that the information provided is accurate and correct to the best of my knowledge, and that I have the authority to apply for funding associated with this application.

Signature: _____ Date: _____

RAPID MARKET ASSESSMENT

Rapid Market Assessment (RMA) is a simple and effective tool for learning more about your market. RMA was developed at Oregon Sate University.

There are three components to the RMA process.

1. A customer foot traffic count
2. A fun, easy, and interactive method of collecting customer feedback to some specific questions
3. A debriefing period to receive feedback and discuss observations.

The RMA process requires a number of volunteers. On a busy market day, it is difficult for a market to come up with enough individuals from their own staff and vendors. The ideal way to staff the RMA process is to bring in market managers and board members from neighboring markets. Their expertise will provide you with valuable insight and they will benefit from the experience as well. Another option for volunteers would be a local 4-H or FFA group.

Customer Count

This is easier than it sounds. Place individuals to count adults entering the market at all entrances. Counting should take place for 10 minutes during every hour (e.g., for the 9:00 hour, count from 9:25-9:35) and then multiplied by six. This information will allow vendors to estimate potential sales as well as allow the market to document its role in the community to city leaders.

Dot Surveys

Identify the information needed to improve your market and carefully construct up to four questions that will help you gather this information. Use one flip chart for each question. Write the question across the top with columns below for each potential answer. The flip charts should be erected in a central location of the market and staffed by volunteers. Volunteers should invite market patrons to “do the dots” and hand out small circle stickers (four stickers for four questions). Instruct the customers to answer the questions by placing one dot on each of the flip charts. Charts should be changed every hour, or the color of the dot can change to see how customers’ preferences change throughout the day. At the end of the day, total all dots per answer and divide as a percentage of the total (the total number of answers per question may not be the same).

Qualitative Analysis

At the end of the market a debriefing session allows for sharing observations from the day. Have the RMA staff take notes throughout the day on specific aspects of the market.

1. Physical characteristics: access, traffic flow, liability issues, organization
2. Vendors and Products: vendor mix, product quality, signage, displays, customer service.
3. Market Atmosphere: the “feel” of the market, educational opportunities, shopper demographics, interactions.

Annual Report

Creating a report at the end of every season will help the market track changes and growth in different aspects of the market. The report should include:

- Number of vendors involved
- Number of shoppers
- Gross market sales
- Other key numbers (spillover effect, new vendors, first time shoppers, charitable giving, etc)
- Percentage change in any of the above numbers that show growth in the market
- Vendor testimonials
- Customer comments
- Photographs from the market

Be sure the report isn't just statistics, but tells the story of the market - how it sustains family farms, improves access to healthy foods, expands entrepreneurship, and builds community. Be sure the board, vendors, market sponsors, and local government all receive a written copy of this report. Presenting the report to vendors can help them feel a sense of ownership, build excitement, and allows feedback. Such a presentation can also help to build support from local government and community partners. This is a great opportunity to communicate the market's impact on the community.

Sample Survey for Consumers

A new farmers' market is being proposed for _____. We are trying to assess the level of interest of consumers in the community for a farmers' market. Providing answers to these questions will help gather information and build a market that provides the products and services you desire.

1. Have you ever shopped at a farmers' market before?

- Yes
- No

2. If local farmers were to offer their agricultural products at a neighborhood farmers' market, how often would you shop there?

- Weekly
- Once a month
- Occasionally
- Seldom
- Not interested in a farmers' market at this time.

3. What products should be available for purchase at a local farmers' market?

- Fresh, local vegetables
- Fresh, local fruits
- Eggs
- Cheese
- Maple syrup
- Bedding Plants
- Fresh cut flowers
- Fresh herbs
- Meats
- Organic produce
- Crafts
- Homemade baked goods
- NYS wines
- Homemade jams and jellies and other locally processed foods
- Ethnic foods, specify: _____
- Other, specify: _____

4. How far would you travel to shop at a farmers' market?

- Up to 10 minutes
- 15-20 minutes
- up to 30 minutes
- over 30 minutes
- only if located on a bus route
- only if within walking distance

5. Where do you think would be the best location for a farmers' market in this community? Why?

- (*identify choices being considered*)
- Other: _____

6. What days of the week would be the most convenient for you to shop at a farmers' market?

- Monday
- Tuesday
- Wednesday
- Thursday
- Friday
- Saturday
- Sunday

7. What is the most convenient time of the day for you to shop at a farmers' market?

- Mornings
- Afternoons
- Mornings and afternoons
- Evenings

8. What types of services do you think the market should offer shoppers?

- Protection from the elements
- Restrooms
- Lunch or snack vendors
- Picnic tables
- Benches
- Refuse containers
- Free parking
- Other, specify: _____

9. How would you like to be informed about the farmers' market once it is established?

- Newspaper
- Television
- Radio
- Direct mail
- Doesn't matter
- Other, specify: _____

10. Including yourself, how many people live in your household?

11. How many children are living at home?

12. What is the age range of the main food shopper in your home?

- 20's
- 30's
- 40's
- 50's
- 60 plus
- retire

13. Do you have any suggestions that you would like to offer the committee planning the new farmers' market?

14. Would you like to participate in the planning committee for a new farmers' market for the community? If so please provide your contact information below.

Name: _____

Address: _____

Phone: _____

Email: _____

Professional Affiliation, if appropriate: _____

Thank you for your cooperation. The information you have provided will help us to determine the level of support a new farmers market will have in the community. It will also help us to develop a farmers market best suited to the community's interests.

Please complete this survey no later than _____ and drop in the Farmers' Market Drop Box placed in the following convenient locations:

Source: "Guide to Developing a Community Farmers Market", Farmers Market Federation of New York, NYS Department of Agriculture & Markets, revised 2009.

Sample Survey for Customers of a Potential Market

A new farmers' market is being proposed for _____. We are trying to assess the level of interest of consumers in the community for a farmers' market. Providing answers to these questions will help gather information and build a market that provides the products and services you desire.

1. Have you ever shopped at a farmers' market before?

- Yes
- No

2. If local farmers were to offer their agricultural products at a neighborhood farmers' market, how often would you shop there?

- Weekly
- Once a month
- Occasionally
- Seldom
- Not interested in a farmers' market at this time.

3. What products should be available for purchase at a local farmers' market?

- Fresh, local vegetables
- Fresh, local fruits
- Eggs
- Cheese
- Maple syrup
- Bedding Plants
- Fresh cut flowers
- Fresh herbs
- Meats
- Organic produce
- Crafts
- Homemade baked goods
- NYS wines
- Homemade jams and jellies and other locally processed foods
- Ethnic foods, specify: _____
- Other, specify: _____

4. How far would you travel to shop at a farmers' market?

- Up to 10 minutes
- 15-20 minutes
- up to 30 minutes
- over 30 minutes
- only if located on a bus route
- only if within walking distance

5. Where do you think would be the best location for a farmers' market in this community? Why?

- (*identify choices being considered*)
- Other: _____

6. What days of the week would be the most convenient for you to shop at a farmers' market?

- Monday
- Tuesday
- Wednesday
- Thursday
- Friday
- Saturday
- Sunday

7. What is the most convenient time of the day for you to shop at a farmers' market?

- Mornings
- Afternoons
- Mornings and afternoons
- Evenings

8. What types of services do you think the market should offer shoppers?

- Protection from the elements
- Restrooms
- Lunch or snack vendors
- Picnic tables
- Benches
- Refuse containers
- Free parking
- Other, specify: _____

9. How would you like to be informed about the farmers' market once it is established?

- Newspaper
- Television
- Radio
- Direct mail
- Doesn't matter
- Other, specify: _____

10. Including yourself, how many people live in your household?

11. How many children are living at home?

12. What is the age range of the main food shopper in your home?

- 20's
- 30's
- 40's
- 50's
- 60 plus
- retire

13. Do you have any suggestions that you would like to offer the committee planning the new farmers' market?

14. Would you like to participate in the planning committee for a new farmers' market for the community? If so please provide your contact information below.

Name: _____
Address: _____
Phone: _____
Email: _____
Professional Affiliation, if appropriate: _____

Thank you for your cooperation. The information you have provided will help us to determine the level of support a new farmers market will have in the community. It will also help us to develop a farmers market best suited to the community's interests.

Please complete this survey no later than _____ and drop in the Farmers' Market Drop Box placed in the following convenient locations:

Source: "Guide to Developing a Community Farmers Market", Farmers Market Federation of New York, NYS Department of Agriculture & Markets, revised 2009.

Sample Mystery Shopper Evaluation at a Farmers' Market

Question	Yes	No
Is the entrance well marked with signs?		
Is there an Information Booth?		
If there is an Information Booth, was it staffed?		
Is the Information Booth display attractive and organized?		
Did vendor #1 have all products priced?		
Did you understand what was for sale from vendor #1?		
Did you feel welcomed by vendor #1?		
Did vendor #2 have all products priced?		
Did you understand what was for sale from vendor #2?		
Did you feel welcomed by vendor #2?		
Did vendor #3 have all products priced?		
Did you understand what was for sale from vendor #3?		
Did you feel welcomed by vendor #3?		
Was a special event advertised at the Market?		

Other overall observations:



Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 6

Financial Management of Your Farmers' Market

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

Chapter 6

Financial Management of Your Farmers' Market

The range in types of farmers' markets that one encounters is amazingly broad. Location, size of the surrounding population, and availability of growers/vendors are several of the external factors shaping each farmers' market. Market rules also shape the market by specifying vendor type(s) and product array. The economics of a farmers' market, therefore, is a reflection of the type of market that stems from these factors.¹

To function, a market has to provide an attractive atmosphere and products that the customer perceives as valuable. A market must also provide a profitable market channel for vendors. To offer such a dual venue, markets must incur some expenses, even if the cash transferred is minimized through donation of facilities, services, and management time. These expenses must be offset by monies received. Because a farmers' market needs to be a self-sustaining entity, it must find ways to become so within the context of its own culture.²

To be a self-sustaining entity, a market has to establish ways to generate revenue, determine the most effective use of monies received, establish financial control systems, and demonstrate that control through accurate and timely financial reports.

FINANCIAL CONTROL SYSTEMS

The Business Plan

Creating a business plan for your farmers' markets is an essential first step in planning for financial success.³

(<http://www.wafarmersmarkets.com/resources/BusinessPlanningFarmerMarkets-bw.pdf>) A business plan offers several advantages:

- It is a tool for establishing proactive rather than reactive methods of financial control
- It serves as a long-term, internal organizational tool that communicates the plans of the organization
- It compels regular decision-making
- It clearly shows long-term goals
- It is a tool for communicating within your market and to potential customers, supporters and community members
- It offers a broad financial plan that highlights risk management, organizational structure, and finance of the organization⁴

The process for building a business plan starts with identifying your farmers' market's key values: does your farmers' market support sustainable practices of agriculture, for example?⁵ Next, inventory your resources. Having a realistic assessment of your current strengths, weaknesses, opportunities and threats (a "SWOT" analysis) together with your farmers' market's vision and goals will give you a clear view of what strategies to employ for your farmers' market's financial health. For example, a short-term goal might be to recruit more vendors; a mid-range goal would be to hire a paid market manager and/or accept EBT. Longer-term goals will include providing a complete shopping experience for market customers or find a permanent home/building for your

¹ (Foord 2006)

² (Foord 2006)

³ (Workman 2009)

⁴ (Workman 2009)

⁵ (Workman 2009)

market. Strategies to achieve these goals then call on your marketing and financial resources. Finally, having an evaluation process to assess your progress ends the process.⁶

Business Plan Templates

Broadly, a business plan should include the following:

- The description of your business
 - Type of business
 - Products or services offered
 - Length of operation (seasonal, year-round)
- A marketing plan including:
 - Competitive analysis
 - Market objectives
 - Marketing strategies
 - Marketing tactics
- An operational plan including:
 - Geographic location
 - Facilities
 - Labor force
 - Hours of operation
 - Operating cycle
 - Vendor make-up
 - Resources needed
- An organization and management plan
 - Identify your business structure
 - Identify key management
 - Detail management compensation
 - Detail ownership structure
 - Identify laws and regulations that affect your business

The Minnesota Department of Employment and Economic Development (<http://mn.gov/deed/>) offers many resources for help in developing your farmers' market's individual business plan (<http://mn.gov/deed/business/starting-business/>). Another source of business plan templates (<http://www.clcmn.edu/smallbusiness/pdf/BusinessPlanOutline2005.pdf>) can be found at the Central Lakes College Small Business Development Center (<http://www.clcmn.edu/smallbusiness/>).

Cash Flow and Budget for a Farmers' Market

A properly run market must account for both the inflow and outflow of cash as reflected in a budget or cash flow statement. If you are a market manager, you will need to prepare a projected budget or cash flow analysis reflecting what you believe will happen as well as a statement of the actual cash flows that have occurred over a particular period. The cash flow analysis (<http://www.mainebusinessworks.org/micro/?spKey=home.cashflowtemplate>) should summarize these numbers monthly for the calendar or the fiscal year, as appropriate.⁷

A budget is a planning tool that reflects an organization's programs, mission, and strategic plan. Start your budgeting process at least three months before the end of the fiscal year to ensure that the budget is approved by the board, committee, or city administration before the start of a new year.⁸

Types of expenditures that other farmers' market managers have encountered are listed in Table 1. We can categorize these expenses and place them in the format of a cash flow report that can

⁶ (Workman 2009)

⁷ (Foord 2006)

⁸ (10 Step Annual Budgeting Checklist 2013)

then be used in a presentation to stakeholders, such as to the market's board of directors, or at the market's annual meeting.

Table 1 – Expense Items Noted by Farmers' Market Managers

Expenses Identified by Farmers' Market Managers⁵						
Item	Example(s)					
Advertisement	Newspaper	Word-of-mouth	Direct mail	Radio	Television	Internet
Promotional efforts	T-shirts	Petting zoo	Food demonstrations		Musical festivals	
Promotional materials	Banners	Brochures	On-site & off-site signs	Business cards	Flyers	Newsletters
Market site	Staff Tent	Food & drink items (for sale)	Restroom facilities	Furniture	Picnic area	Cleanup
Staff wages	Manager	Traffic patrol				
Site insurance	Liability					
License fees	Health Department					
Registration fees	City	State				
<p>⁵Govindasamy, R., et al. 1998. <i>Farmers Markets: Managers Characteristics and Factors Affecting Market Organization</i>. New Jersey Agricultural Experiment Station #p-02137-8-98. New Brunswick, NJ: Rutgers University.</p>						

An example of a cash flow report presenting the categories of anticipated farmers' market expenses is presented in Table 2. Table 2 can be customized by changing expense lines to match the specifics of your market.⁹

Table 2 - Farmers' Market Cash Flow Analysis

Farmers' Market Cash Flow Projection - Market Name: _____													
Item	Month												Total
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
Cash on hand (beginning of month)													
CASH RECEIPTS													
Stall fees													
Membership dues													
Cash donations													
Miscellaneous													
TOTAL CASH RECEIPTS													
Total cash available													
CASH PAID OUT													
FACILITY EXPENSES													
Rent or lease													
Repairs and maintenance (site)													
Utilities													
Taxes													
Licenses & permits													
Liability insurance													
OPERATIONAL EXPENSES													
Advertising													
Materials and supplies													
MANAGEMENT EXPENSES													
Wages													
Market manager													
Employee benefit programs													
Office expense													
Travel													
Meals and entertainment													
Misc. equipment & supplies													
TOTAL CASH PAID OUT													
Net cash flow													
Cumulative cash flow													
CASH ON HAND													
Opening balance													
+ Cash receipts													
- Cash paid out													
TOTAL = NEW BALANCE													

⁹ (Foord 2006)

Cash Receipts

A cash flow is organized to show first the sources of cash received by the market (cash receipts). Your market may have more or fewer sources than those listed, but this part of your report should present all the monies that come into your market in whatever form they take.

Cash Paid Out

Following cash inflow is a section defining all of the ways that cash flows out of the market (cash paid out) under the headings of facility and site expenses, operational expenses, and management expenses.

One-Time Start-Up Expenses

The same sheet showing cash paid out can be modified to record the expenses incurred in the establishment of the market. These are traditionally expenses that are not part of the day-to-day operation of a market. They might include meeting expenses associated with putting the organization together or the purchase of capital items associated with the site, such as benches or sun protection.

Accounting for Donated Items

Additional items to account for are those items donated to the market (Table 3). These include such non-cash items as volunteer hours. Accounting for these items also creates a more accurate picture of the actual costs involved in running the market.¹⁰

Table 3 – Estimated Value of Non-cash Donations (\$)

Estimated Value of Farmers' Market Non-cash Donations (\$)													
Market Name: _____													
Item	Month												Total
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
Market Site													
Customer Facilities (e.g., restrooms)													
Maintenance Services (e.g., trash pickup)													
Office Facilities (e.g., meeting rooms)													
Accounting Services (e.g., bookkeeping)													
Management Services													
Labor													
Materials & Supplies													
Promotional Materials													
Other													
TOTAL													

Financial Reports

Financial reports should be submitted on a monthly and annual basis.

Monthly Financial Reports

An excellent financial management tool and report form is a monthly cash flow (budget) deviation report (Table 4). This report contains several kinds of information presented in a monthly and year-to-date form:

¹⁰ (Foord 2006)

- amounts you anticipated or budgeted for
- actual expenses incurred
- the difference between budgeted and actual in positive or negative dollars, and
- the difference between budgeted and actual, which should be expressed in terms of a fraction or a percent (the difference divided by the budgeted amount)

Table 4 – Budget Deviation Analysis

Farmers' Market Cash Flow Monthly Deviation Analysis - Market Name: _____								
Item	Month - _____				Year to Date - Year _____			
	Actuals	Budget	Deviation	%	Actuals	Budget	Deviation	%
CASH RECEIPTS								
Stall fees								
Membership dues								
Cash donations								
Miscellaneous								
TOTAL CASH RECEIPTS								
CASH PAID OUT								
FACILITY EXPENSES								
Rent or lease								
Site repairs & maintenance								
Utilities								
Taxes								
Licenses & permits								
Liability insurance								
OPERATIONAL EXPENSES								
Advertising								
Materials and supplies								
MANAGEMENT EXPENSES								
Wages								
Market manager								
Employee benefit programs								
Office expense								
Travel								
Meals and entertainment								
Miscellaneous equipment & supplies								
TOTAL CASH PAID OUT								
Net cash flow								
Cumulative cash flow								
CASH ON HAND								
Opening balance								
+ Cash receipts								
- Cash paid out								
TOTAL = NEW BALANCE								

Annual Financial Reports

The annual financial report should contain at least two documents. The first report should cite actual cash flow numbers (the statement of cash flows) for each month as well as yearly totals. The second report should be the projected budget or the Cash Flow Analysis for the next fiscal year.

GENERATION OF REVENUE

While there is no universal method for determining how a market will charge fees for their vendors, establishing a well-planned fee structure is important because vendor fees are a large part of your market's revenue and contributes to the size of your operating budget. Your fee structure can help you define the type of vendors you want to attract—a lower fee can attract small, part-time farmers and gardeners, while a higher fee can attract larger commercial farms.¹¹

There are some advantages and disadvantages whether you choose an annual fee, a flat fee or a percentage-of-sales fee. With an annual fee or flat fee in place, you will be able to more accurately estimate your annual revenues, while a percentage of sales fees allows you to benefit from the success of your vendors.¹²

There is the possibility that some vendors may not accurately report their sales; a policy of random and periodic auditing, or incorporation of sales into market seniority (and stall location) may help prevent under-reporting.¹³

Non-Revenue Based Fees

These flat rates can be assessed in a number of ways:

- Annually
- Daily
- Both

Most farmers' markets assess an annual, flat vendor fee to help defray the costs of running the market. These fees are set by the market management and/or board. Vendors pay for the privilege of setting up their stand in your market and have no voting rights or a say on how the market is managed. Charging a daily, flat rate vendor fee adds more bookkeeping than your market manager may wish to undertake. A combination fee incentivizes market attendance if it is collected at the beginning of the year.

Revenue-Based Fees

Some farmers' markets charge a vendor fee based on daily sales. This arrangement presupposes forthcoming financial disclosures by both market and vendors. Vendors paying membership dues generally have voting rights and may take a more active role in policy determination. This closer management-vendor relationship assumes that those who have gained the most benefit from their participation in the market are expected to support the market in a significant way.¹⁴

Charging a percentage-based fee can be an easy way to track vendor sales, to evaluate the success of your market and your specific promotional strategies, and at the same time provide an incentive to promote and expand the market. Some also favor a percentage model because it does not disproportionately burden smaller-scale or beginning producers with lower sales. Zachary Lyons, from Seattle Farmers Market Association says, "Stall fees based on a percentage of sales is good for both the market and the vendor, because it means when the vendor does well, so does the market, and vice versa. It is truly symbiotic. And the market has a clear sense of how well the market is doing overall, and how well individual vendors are doing, so that the market can adapt itself to be stronger."¹⁵

¹¹ (Coalition, Market Manager And Organizer FAQ 2013)

¹² (Market Manager and Organizer FAQ 2013)

¹³ (Market Manager and Organizer FAQ 2013)

¹⁴ (Foord 2006)

¹⁵ (Market Manager and Organizer FAQ 2013)

Other Fee Arrangements

Some markets charge membership dues, then daily fees that reflect the business activity of the market during different times of the year. Spring and fall attendance may dwindle and so will the daily fees. Other markets charge reduced fees for those vendors who prepay, are members in good standing or who have been with the market a number of years.

Fees in Minnesota Farmers' Markets

Farmers' markets in Minnesota appear to have developed fee systems customized to their market conditions. Non-revenue-based solutions range from a straight assessment of an annual booth fee with no membership fee (Maple Grove) to a combination of membership fees and annual and daily booth fees. (Table 5)

Table 5 – A Sampling of Farmers' Market Fee Schedules in Minnesota

Non-Revenue-Based Fee Systems			
Market	Annual Membership	Stall Usage Fees	
		Annual	Daily
Chisago City	\$60	\$0	\$0
Grand Rapids	\$0	\$100	\$7
Maple Grove	\$0	\$250	\$0
Mill City, Minneapolis	\$50	\$0	\$35 - \$40
Riverwalk, Northfield	\$0	\$15	\$7 - \$15

Revenue-based fees do not always work on a straight percentage basis. Often the fee increases if sales exceed a specific level. For the St. Joseph Framers' Market the fee increases after \$150 in sales. This arrangement is different from that of North Country Farmers' Market in Bemidji, where sales must exceed \$300 before the booth fee increases. Poor weather days are expected to reduce traffic flow and projected sales. The booth fee at Bemidji's market decreases accordingly (Table 6). The St. Joseph and North Country farmers' markets collect increased fees on an honor basis.¹⁶

Table 6 – A Sampling of Farmers' Market Fee Schedules in Minnesota

Revenue-Based Fee Systems				
Market	Annual Membership	Stall Usage Fees		
		Base	Daily	Sales >\$150
St. Joseph	\$40	\$5	\$10	\$5 assessed the following week
Market	Annual Membership	Stall Usage Fees		
		Base	Sales > \$300	Poor Weather
North Country, Bemidji	\$45	\$10	\$15	\$5; each vendor gets 8 rainy day certificates

Suggestions from Research

Revenue generation from fees can take many forms. There doesn't seem to be a "right" way to assess fees.¹⁷

¹⁶ (Foord 2006)

¹⁷ (Grow 2003)

- Fees need to be high enough to discourage casual sellers. A casual seller is someone who functions in ways counter to the best interests of the market (e.g., spotty attendance, not business- or profit-motivated, has a tendency to “dump” product at lowball prices).
- Fees need to be low enough so that a vendor’s risks and costs are reasonable.
- Markets located in areas with reduced profit potential (small customer base, unfavorable location) should charge lower vendor fees when compared of markets similar size.
- Prepaying booth fees should carry a financial incentive. Prepaid fees save time and effort in record keeping for both the market manager and the vendor. Prepaid fees also provide additional working capital for the market at the beginning of the season.
- Fees should be charged based on the fact that most vendors make up their stall fees in at best one market day, and at most, 4 market days.
- Extra fees and refunds may apply for vendors who volunteer for certain events (cleaning a highway in the Adopt-a-highway program, helping with registration during a blood drive, helping with fundraising events).
- Lower or forgive fees for those vendors with stellar attendance. In addition, you may reward them by being admitted to an advisory committee, where they get to voice their ideas about where the market should go.¹⁸

Market Manager’s Dilemma

If you are the market manager, it is likely that one of your directives will be to increase the appeal and patronage of the market. To do so you have to understand the needs and wants of the customer base. Meeting these needs and wants may entail special events that create enjoyable shopping experiences. Or you may need to find new vendors that increase the market’s array of offerings. Communicating the value of the market to new and returning customers is part of your advertising and promotion responsibilities.¹⁹

How will you measure the effectiveness of your promotional efforts and the growth of the market if vendors refuse to release their sales figures? You will not be able to calculate a return upon promotional expenses. If you track attendance, you can cite increased shoppers. But without sales figures, you will not know whether advertising efforts are generating increased customer buying.

Given vendors’ usual reluctance to release sales figures, your market will likely find it difficult to switch from a flat rate to a percentage rate without disruption of the market and dissention among vendors. If you are starting a new market, however, vendors who are faced with a percentage fee structure have a choice: they may accept the percentage system and join, or they may reject this system and decline participation.²⁰

One approach to gathering sales figures is to attempt to discover the reasons behind vendors’ reluctance to release sales figures. Are vendors concerned primarily about privacy issues? They may not want other vendors or government agencies to have access to their sales figures. Are vendors concerned because providing such information would mean extra work? Their financial tracking systems may not give them ready access to such information. Do they fear the extra fees they would pay if they had a highly successful day? They may, for instance, have a day of \$2000 gross revenues and might then be required to pay a booth fee of \$120. Such a fee could be eight or ten times more than the standard flat rate.

If you can discover the reasons behind vendors’ reluctance, you can establish systems to address the issues. For instance, there are ways to provide anonymity. You can offer workshops providing vendors with tools for tracking their finances that will benefit their business. You can place a cap on a percentage fee, limiting the fee obligation to a fixed amount. Communication and creativity are your best tools in addressing the dilemma posed by a sales percentage fee.

¹⁸ (Foord 2006)

¹⁹ (Foord 2006)

²⁰ (Foord 2006)

Gathering sales figures from vendors is just one of the unique features of a farmers' market that may challenge you in the execution of your duties as manager. Whether sales figures are available or not, however, having clear, measurable goals that have been formulated with input from you, the board of directors, and vendor representatives is critical.

Other Sources of Revenue

In their "Survey of Market Managers," Oberholtzer and Grow report that approximately 26% of their respondents supported their market totally on vendor fees. Additional support was gained from non-profit organizations (33%), public institutions such as city or county government (23%), and for-profit firms (12%).²¹

Accepting Payments

In 2012, 46% of market buyers indicated that "ability to pay with a credit card" was an important factor in choosing who they bought from at a farmers' market. Most market shoppers don't come to the market with a shopping list in hand; most are impulse shoppers who "buy what looks good to them today." In addition, market buyers who used credit cards spent 40% more than those using cash.²²

The ubiquitous mobile device has made credit card and debit card transactions within the reach of most vendors. Vendors with smart phones, iPhones, iPads, and small tablets can now accept electronic payments with ease. When it comes to features, compatible devices and credit cards accepted, most mobile devices offer similar menus.²³ Where they do differ is in the costs associated with carrying out transactions.

Accepting SNAP EBT (Supplemental Nutrition Assistance Program Electronic Benefits Transfer), on the other hand, still needs to take place via a Point of Sale terminal or a laptop. Read Chapter 9 for an in-depth treatment of SNAP EBT at your farmers' market.

ACCOUNTING

Bookkeeping

Programs such as QuickBooks, Quicken, or simple spreadsheets in Microsoft Excel or Numbers are all good ways to keep track of expense and disbursements. Your market may wish to hire an accountant to reconcile your bookkeeping at the end of every month or year. Some of these programs offer payroll capabilities, too. Check the following links for more information:

<https://www.waveapps.com/>
<http://quickbooks.intuit.com/>
<http://managemymarket.com/>
<http://www.marketumbrella.org>

The Nonprofit Assistance Fund (<https://nonprofitsassistancefund.org/>) offers help for nonprofits in many areas of accounting and bookkeeping. Budgeting, balance sheets, business plans and cash flow templates specifically geared to this type of legal entity are found on their web site.

Tax Form ST19 for Vendors

Every vendor needs to file form ST19 with the manager before they are allowed to sell at a farmers' market (http://www.revenue.state.mn.us/Forms_and_Instructions/st19.pdf). These forms need to be kept on file by the manager for 3 1/2 years. If your market is caught without having these, you could be fined \$100/vendor/per day for each seller that does not have the form filled out. (<http://www.revenue.state.mn.us/businesses/sut/factsheets/FS148.pdf>)

²¹ (Grow 2003)

²² (Vanasse 2013)

²³ (Vanasse 2013)

If vendors are selling non-taxable items, they do not need a Minnesota Tax ID number. If their items are taxable, they need to contact their accountant or Minnesota Revenue to acquire one. To find out if the items your vendors are selling are taxable, refer to the following publication:

http://www.revenue.state.mn.us/Forms_and_Instructions/sales_tax_booklet.pdf. Some pertinent non-taxable items include groceries for human consumption. Candy, soft drinks and prepared foods are taxable. Some examples of non-taxable food items include:

- Fruits and vegetables, herbs
- Breads, cookies, cakes, pies
- Eggs
- Popcorn
- Ice cream
- Meat, poultry, fish²⁴

In 2015, Minnesota's general sales tax is 6.875%. Add to this your local sales tax rate for the county and the city in which you live. Find out the total sales tax owed by using this handy tax calculator: (<http://www.revenue.state.mn.us/businesses/sut/Pages/SalesTaxCalculator.aspx>).

State and local taxes are reported separately. You must be registered in your local area in order to report local taxes. Report sales and use tax annually if you collected less than \$100 per month (less than \$1,200 annually), quarterly if less than \$500 per month and monthly if \$500 per month. Check the Minnesota Revenue web site for detailed information.

Taxes Attributed to Farmers' Markets

Vendor fees are non-taxable items. Fact sheet 148 lists other pertinent items that are non-taxable for farmers' markets: (<http://www.revenue.state.mn.us/businesses/sut/factsheets/FS148.pdf>)

- Advertising Fees
- Market Membership Fees
- Vendor Fees
- Fundraising income

Farmer's markets that structure under IRS chapter 521, a farmers' cooperative, require special handling of revenue and taxes. See http://www.irs.gov/irm/part4/irm_04-044-001.html. Other Business IRS tax forms can be found following this link:

<http://www.irs.gov/publications/p583/aro2.html#doe1385>

Financial Reporting For Nonprofits

Financial Accounting Standards Board at www.fasb.org has established standards of financial accounting that govern the preparation of financial reports by nongovernmental entities.

Reporting of Token Reimbursements from SNAP EBT

For farmers' markets who handle SNAP (Supplemental Nutrition Assistance Program) EBT (electronic benefits transfer) transactions, there is a special tax consideration. Small farmers' markets (those with 50 or fewer stall merchants) are *not* subject to 6050W because they are not third party networks. Farmers' markets do not need to file a form 1099-K if they fit this limitation.²⁵ Watch this webinar from Farmers' Market Coalition to learn more:

<http://farmersmarketcoalition.org/6050w-and-farmers-markets-electronic-payment-reporting-requirements-webinar/>.

²⁴ (Revenue, 2013)

²⁵ (Miller 2011)

BOOKKEEPING ADVICE FOR FARMERS' MARKET VENDORS

Know Your Income

This step is the easiest to follow and the most important. Other than accurately reporting your income to the IRS, it makes sense to know if you are making money at the farmers' market. Buy a ledger book (or use the note pad on your phone); write down the date and how much money you had at the end of the day. Don't forget to subtract your starting bank!

Know Your Direct Expenses

Tracking expenses is different for a vegetable vendor than a baked goods vendor. Produce sellers will have the majority of their expenses at the beginning of the season as they buy seeds and plants, plus any fertilizer they might use. Do you buy containers or baskets to package your vegetables? Most vegetable vendors are using their garden for a dual purpose - home use and selling for income. Be sure to keep track of the yield so that the seed and other costs can be divided accurately.

For baked goods vendors, the majority of the expenses are ongoing and easier to identify. Ingredients, packaging materials and labels are expenses.

Know Your Other Expenses

Keep a mileage log in your vehicle to track the miles to and from the farmers' market, plus any supply trips. Most farmers' market vendors won't be able to itemize home business deductions due to the exclusivity requirement.

Keep Your Receipts

After recording expenses, keep all your receipts! Find the filing system that works best for you: file in dated order, in a separate folder for each month; or file alphabetically by company. It's best to not mix business and personal purchases on the same receipt, but if you do buy everything in one purchase be sure to exclude the personal purchase in your ledger.²⁶

FARMERS' MARKETS: ECONOMIC DRIVERS

The Farmers' Market As A Shopping Attraction

Gaining support from sources other than vendors suggests that a farmers' market functions in a way that creates synergy with the groups named above or contributes to their ability to achieve their goals. A survey conducted by Minnesota Grown in 2012 showed that nearly half (44%) of farmers' market shoppers reported spending money at nearby businesses as a result of their trip to the market. Average expenditures at the market were in the \$26 range whereas those at area businesses averaged almost 30% more.²⁷

The Farmers' Market As Competition

Not all business entities view the farmers' market in a favorable light. For example, grocery stores carry similar products but have to pay property taxes; farmers' markets generally do not.

If possible, then, managers should look for ways for nearby businesses to benefit because of increased traffic flow coming to the market. Consider all of the entities who stand to gain because of the activities of the farmers' markets or through others' association with it. Seeking ways to create synergies between local businesses and farmers' markets opens the way for sponsorships and other partnerships, with mutual benefits accruing to all.²⁸

²⁶ (Henthorn 2010)

²⁷ (Grown 2012)

²⁸ (Foord 2006)

The Farmers' Market As Community Builder

A farmers' market can also be viewed as an activity that builds communities. Public officials recognize the value and stability that come from activities that promote contact between people in the community. To the degree to which community building is the perception, public entities will openly support a farmers' market. As a manager of a market, you should project and promote the image of your farmers' market as a community builder. Doing so leads to a wide base of support for the market in general. It also contributes to the economic efforts which have been the subject of this chapter.²⁹

Top 10 Economic Recommendations

- 1. Have an annual vendors-only review of the market's economics.**
Vendors need to know the expenses incurred by the market and have a voice in the market's promotion. Let them contribute their best thinking regarding the economics of the market.
- 2. Develop a budget differential analysis system that works for you.**
Used habitually, a budget becomes an efficient way to keep track of expenses. It can save you a great deal of time and avoid a great deal of pain.
- 3. Each year add a new revenue stream to the market.**
This revenue stream might be cash or non-cash.
- 4. Ask local merchants to track their sales on market days.**
If the market increases traffic flow and benefits merchants, present this information to the local chamber of commerce.
- 5. Develop innovative ways for local merchants to participate in the market.**
These innovations should complement the market atmosphere, e.g., comfortable attire (clothes, shoes) for the farmers' market.
- 6. Perform a cost analysis/efficiency review of the market every year.**
Are there one or two areas where you can reduce market costs or maintain costs in a growing market?
- 7. Develop a schedule for increase in booth fees.**
If costs are increasing, the market will need to keep apace. A schedule gives vendors plenty of warning. If you can keep costs down and avoid an increase, you will have given the vendors a gift of no increase. Gifts count!
- 8. Show the value of submitting sales figures through experimentation with a willing subset of vendors.**
If vendors do not release their sales numbers to the market, explore the possibility of collecting data from a sample of vendors who might be amenable. Find ways to keep their numbers private, perhaps by pooling the numbers from all the participants. Demonstrate the financial return that vendors are achieving from their participation in the market.
- 9. Offer an economics workshop with a financial incentive.**
Have a raffle at which the winner receives a free annual membership or no booth fees for a year.
- 10. Track the top five products drawing customers to the market.**
Collect these numbers annually and observe changes in products or ranking.³⁰

²⁹ (Foord 2006)

³⁰ (Foord 2006)

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- Workman, Kristen. "Business Planning for your Farmers Market." Washington State Farmers Market Association 2009 Conference, January 31, 2009.



Operator Certificate of Compliance

Read the information on the back before completing this certificate. **Person selling at event:** Complete this certificate and give it to the operator/organizer of the event. **Operator/organizer of event:** Keep this certificate for your records.

Do not send this form to the Department of Revenue.

Print or type	Name of business selling or exhibiting at event		Minnesota tax ID number	
	Seller's complete address		City	State Zip code
	Name of person or group organizing event			
	Name and location of event			
	Date(s) of event			

Merchandise sold	Describe the type of merchandise you plan to sell.

Sales tax exemption information	Complete this section if you are not required to have a Minnesota tax ID number.
	<input type="checkbox"/> I am selling only nontaxable items.
	<input type="checkbox"/> I am not making any sales at the event.
	<input type="checkbox"/> I participate in a direct selling plan, selling for _____ (name of company), and the home office or top distributor has a Minnesota tax ID number and remits the sales tax on my behalf.
	<input type="checkbox"/> This is a nonprofit organization that meets the exemption requirements described below: _____ Candy sold for fundraising purposes by a nonprofit organization that provides educational and social activities for young people primarily aged 18 and under (MS 297A.70, subd. 13[a][4]). _____ Youth or senior citizen group with fundraising receipts of \$10,000 or less per year (MS 297A.70, subd. 13[b][1]). _____ A nonprofit organization that meets all the criteria set forth in MS 297A.70, subd. 14.

Sign here	<i>I declare that the information on this certificate is true and correct to the best of my knowledge and belief and that I am authorized to sign this form.</i>	
	Signature of seller	Print name here
	Date	Daytime phone ()

PENALTY — Operators who do not have Form ST19 or a similar written document from sellers can be fined a penalty of \$100 for each seller that is not in compliance for each day of the selling event.

Information for sellers and event operators

Operators/organizers of craft, antique, coin, stamp or comic book shows; flea markets; convention exhibit areas; or similar events are required by Minnesota law to get written evidence that persons who do business at the show or event have a valid Minnesota tax ID number.

If a seller is not required to have a Minnesota tax ID number, the seller must give the operator a written statement that items offered for sale are not subject to sales tax. All operators (including operators of community sponsored events and nonprofit organizations) must obtain written evidence from sellers.

Sales tax registration

To register for a Minnesota tax ID number, call 651-282-5225.

A registration application (Form ABR) is also available on our website at **www.taxes.state.mn.us**.

Information and assistance

If you have questions or want fact sheets on specific sales-tax topics, call 651-296-6181. TTY: Call 711 for Minnesota Relay.

Most sales tax forms and fact sheets are also available on our website at **www.taxes.state.mn.us**.

For information related to sellers and event operators, see Fact Sheet #148, *Special Event Exhibitors and Operators*.

We'll provide information in other formats upon request to persons with disabilities.

Selling Event Exhibitors and Operators

148

Fact Sheet

Sales tax registration

Any business, individual, promoter, operator, or fair board making taxable sales at a flea market, collectors' show, craft show, antique show, county fair, trade show, or similar event must be registered to collect the Minnesota general sales tax and any applicable local taxes before the event begins. You may register for a Minnesota ID number online at: www.taxes.state.mn.us or by calling 651-282-5225 or toll-free 1-800-657-3605. The Application for Business Registration, Form ABR, is available on our web site or by writing: Minnesota Tax Forms, Mail Station 1421, St. Paul, MN 55146-1421.

Certain individual sellers at a flea market or similar event are not required to register to collect sales tax if they qualify for the isolated and occasional sales exemption. To qualify, all the following conditions must be met:

- The seller participates in only one event per calendar year that lasts no more than three days;
- The seller makes sales of \$500 or less during the calendar year; and
- The seller provides a written statement to that effect, and includes the seller's name, address and telephone number.

This isolated and occasional sales provision applies to individuals only, it does not apply to businesses.

Operators of selling events

Minnesota law requires that before an operator of a craft show, art fair, flea market, or similar selling event can rent space to a seller at the event, the operator must have either proof that the seller is registered to collect Minnesota sales tax, a written statement from the seller that no taxable items are being sold, or a written statement from the seller indicating that they qualify for the isolated and occasional sales exemption mentioned above. ***Sellers are required to give the operator a completed Operator Certificate of Compliance, Form ST19, or other similar written statement for this purpose.*** Form ST19 is available on our web site, or you may call our office to request one.

Operators should keep the forms for at least three and one half years. Operators who do not have Form ST19 or a similar written statement from sellers, can be fined a penalty of \$100 for each seller that is not in compliance for each day of the selling event.

Sales

Sales of arts, crafts, antiques, collector items, and equipment are generally subject to the general state sales tax and any applicable local taxes. Sellers should separately state the sales tax whenever possible. If the tax is included in the selling price, the item must be marked "tax included," or a sign posted indicating that tax is included in all prices.

Below are guidelines for items commonly sold at fairs and other selling events.

Admissions

Entertainment events. Admission tickets to county fairs and other *entertainment or sporting events* such as grandstand shows, horse shows, and auto races are taxable.

Selling events. Admission tickets to flea markets, antique shows, and similar *selling events* are not taxable.

Entry fees to participate in a competitive event are not taxable unless they are for a normally taxable admission or use of an amusement device. For example, entry fees to enter a quilt in a sewing competition are not taxable because no admission or amusement is involved. However, entry fees to play in a dart tournament are taxable because the normal fee for playing darts is taxable.

Amusements. Charges for rides, sideshows, or exhibitions are taxable. This includes all carnival rides and games, as well as bungee jumping, video games, games of chance or skill, mechanical handwriting analysis, virtual reality games and other entertainment.

Clothing. Clothing meant to be worn on the human body for general use is not taxable, but some accessories are taxable. Baby clothing (including receiving blankets used as clothing) is not taxable. See Fact Sheet 105, Clothing, for more information.

Collectors. Sales of collector items such as model trains, guns, coins, comic books, stamps, and sports memorabilia are subject to sales tax when sold at a collectors' show, flea market, or any similar gathering of sellers.

Lodging. Charges for lodging accommodations, including camp sites, mobile homes or other lodging facilities are taxable.

Parking. Charges for parking vehicles are taxable (except at parking meters).

Rentals of equipment such as display booths, coolers, and generators are taxable. Rentals of booth space are not taxable.

Utilities. Charges for electricity, gas, water, or other utilities to operators of shows or concessions are taxable.

Food and drinks

Prepared food, as well as candy and soft drinks, are subject to Minnesota sales tax. Food and drinks, including bakery goods, are taxable when sold with eating utensils provided by the seller. Eating utensils include plates, knives, forks, spoons, glasses, cups, napkins, or straws.

See Fact Sheets 102A Food and Food Ingredients, 102B Candy, 102C Soft Drinks and Other Beverages, 102D Prepared Food, and 102E Dietary Supplements for more information.

Alcoholic beverages

Sales of intoxicating liquor are subject to the state general sales tax and a 2.5 percent liquor gross receipts tax. Non-alcoholic beer, such as O'Doul's and Sharp's, is subject to the state general sales tax. See Fact Sheet 137, Restaurants and Bars, for more information.

Examples of food sales at a fair or other event:

Example 1. A baker makes and sells cinnamon rolls served on a plate. Since the plate is considered an eating utensil, sales of the cinnamon rolls are taxable.

Example 2. A booth at a fair makes and sells jars of spaghetti sauce. The sauce is not taxable because the customer generally heats it after the sale.

Example 3. A shop at a flea market makes and sells jam. The jam is taxable because the seller prepared the jam by combining two or more food ingredients, and the customer does not usually cook or heat it after the sale.

Example 4. A booth at a carnival sells whole fresh fruit. No eating utensils are provided. The fruit is not taxable.

Example 5. A vendor at a fair prepares and sells flavored nuts. The nuts are taxable because they are prepared by the seller and the customer does not usually cook or heat them after the sale.

Example 6. A vendor at a trade show sells spices made by someone else to use in cooking. The vendor uses the spices in demonstrations and passes out free samples of spiced food. Eating utensils are used to pass out the samples. The spices are not taxable because they not prepared by the seller. The eating utensils used during the demonstration do not cause the spices to be taxable.

However, if the vendor *prepares* the spices (i.e., mixes his/her own spice blends), they are taxable even if the vendor does not provide eating utensils.

Example 7. A concessionaire sells pickles. The concessionaire uses a wooden skewer to retrieve the pickle from the container and hands the pickle to the customer on the skewer, which the customer keeps. The skewer is considered to be an eating utensil, so the pickle is taxable.

Advertising

Sales of advertising products such as programs, brochures and signs, and rentals of portable signs are taxable. Leases or rentals of billboard advertising are not taxable. Advertising services (including concept and design) are not taxable.

Prizes

Prizes awarded in games of skill or chance conducted at events such as carnivals, festivals, and fairs *lasting less than six days* are exempt from sales or use tax. Give the seller a fully completed Certificate of Exemption, Form ST3, to claim exemption.

Purchases of prizes are taxable for use at amusement parks, arcades, the State Fair, or other events that last six days or more. Also, items are taxable if they are awarded as prizes in connection with lawful gambling or the state lottery.

Use tax

Use tax applies to items or services *you use* that you purchased without paying sales tax. Use tax is similar to the sales tax and the rates are identical. Use tax is based on your cost of taxable purchases. Common examples of when use tax is due:

- You buy items for resale for your business, then remove some of the items from inventory for business or personal use.
- You buy a computer for use in your business from a mail order company or over the Internet and the seller does not charge sales tax.

Report state and local use tax electronically at the same time you report your sales tax. See Fact Sheet 146, Use Tax for Businesses, for more information.

Out-of-state vendors

Out-of-state businesses must collect Minnesota tax on all taxable sales made while in Minnesota. If you make sales to Minnesota residents after you leave the state of Minnesota, or take orders for future direct mailings, these sales may be subject to Minnesota tax. See Revenue Notice 00-10, Nexus Standards, for guidelines.

If you come into Minnesota for a selling event you are subject to income tax if you meet the minimum filing requirements; call 651-296-3781 or 1-800-652-9094 for more information.

Any wages paid to employees are subject to Minnesota withholding tax requirements; call 651-282-9999 or 1-800-657-3594 for more information.

Minnesota local taxes

Minnesota Revenue administers and collects local taxes on behalf of several local governments. Local taxes are listed and explained in detail in Fact Sheet 164, Local Sales and Use Taxes.

Special local taxes on food, liquor, admissions, entertainment, and lodging. In addition to the general local sales and use tax, some cities impose additional sales and use taxes on sales of food, liquor, lodging and entertainment, which the Department of Revenue administers. See Fact Sheets 164M, Minneapolis Special Local Taxes, and 164S, Special Local Taxes, for more information.

References:

M. S. 297A.87, Flea markets, shows, and other selling events
Revenue Notice 95-04, Penalty for Operators of Flea Markets and Similar Events
Revenue Notice 99-05, Responsibility for Collection and Remittance of Sales Tax on Tickets Sold at Selling Events
Revenue Notice 00-10, Nexus Standards

Fact sheets that may be of interest:

Food and Food Ingredients, #102A
Candy, #102B
Soft Drinks and Other Beverages, #102C
Prepared Food, #102D
Dietary Supplements, #102E
Local Sales and Use Taxes, #164
Fact Sheet 154, Arts and Crafts (describes how tax applies to craft sales and how to buy items used to make the crafts exempt for resale)



Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 7

Food Safety and Food Licensing

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

Chapter 7

Food Safety and Food Licensing

Food access for all Minnesotans has become the focus of many discussions in farmers' markets and among various groups around the state. No discussion on food access is complete without understanding that healthy food must also be safe food.¹

Safe food handling is becoming one of the hottest topics in Minnesota farmers' markets. Farmers wish to sample their products, markets endeavor to educate the consumer via cooking demonstrations, and vendors strive to offer healthful, ready-to-eat food at farmers' markets.

It may very well be that the safest food you can buy comes from the farmers' market. But all it takes is one bad egg - literally - to ruin the reputation of not only a farmer, but also of a market and even an entire product line offered at farmers' markets.²

Many of us already take food safety precautions and eat the very food we grow, and we understand the importance of learning the rules and sticking to them. Taking it to the next level—ENFORCING food safety practices at your farmers' market—is a significant way of growing and sustaining not just your farmers' market, but all farmers' markets in the state.³

SAFE FOOD HANDLING AT THE FARM

Safe food handling starts at the farm. The United States Department of Agriculture (USDA) has developed what is known as Good Agricultural Practices (GAP) to provide unbiased third-party audits of handling fresh fruits and vegetables.⁴

The goal of the GAP food safety plan is to implement the objectives outlined in the United States Food and Drug Administration's 1988 "Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables." In addition, the food safety plan is designed to address the guidelines in the USDA Good Agricultural Practices (GAP) Audit Verification Checklist, a copy of which is included at the end of this chapter (<http://www.ams.usda.gov/AMSv1.o/getfile?dDocName=STELPRDC5091326>). The Guide follows the format of the Checklist.⁵

Some customers, like schools and restaurants, are requiring that farmers procure an audit based on GAP recommendations. This means farmers need to follow GAP in order to ensure their customers that they are following safe food handling practices. The USDA GAP is just one type of voluntary produce audit.⁶

Safe Food Handling at a Farmers' Market

The Minnesota Department of Agriculture (MDA) publishes "Guidelines for Farmers' Market Vendors" to aid vendors and managers in identifying best practices to employ at farmers' markets. This document contains the essentials of selling safe food at Minnesota farmers' markets and is currently being updated. (<http://www.mda.state.mn.us/food/business/~media/Files/licensing/dairyfood/fm-vendor-guide.ashx>)

Farmers' market vendors and managers can do a lot to reduce the potential for food borne illnesses. The five risk factors contributing to the majority of food-borne illnesses include:

- (1) Using products from unapproved sources
- (2) Adopting poor personal hygiene habits
- (3) Using contaminated equipment
- (4) Improper cooking

¹ (Prail 2013)

² (Davis 2013)

³ (Davis 2013)

⁴ (Hultberg 2011)

⁵ (M. S. Extension n.d.)

⁶ (Hiltberg 2011), pg. 7

(5) Incorrect holding temperatures

All five factors need to be minimized in order to avoid the potential of a food borne illness outbreak. The MDA publishes information on potentially hazardous foods and proper food handling. (<http://www.mda.state.mn.us/food/safety/minn-food-code-fact-sheets/potentially-hazardous-food.aspx>)

Food handlers are the most important link in preventing food borne illness.⁷ The following lists major issues you need to address every time you offer food at your farmers' market:

- Food handlers experiencing vomiting or diarrhea within any time within the past 24 hours need to be excluded from where food is prepared or processed. Those coughing or sneezing must not touch food but are allowed on the premises.
- Proper hand washing is essential. The 20 second rule makes sure that water, friction and soap do their job to get rid of harmful organisms on your skin. (<http://www.health.state.mn.us/divs/eh/food/fs/handwash.html>)
- Hair may be kept out of the face in a hair net; no hair nets are required in most instances. Hair is not considered a risk factor.
- Food handlers must read this publication on personal hygiene before operation. (<http://www.health.state.mn.us/divs/eh/food/fs/hygiene.html>)
- The MDH's "Hand Hygiene for Food Handlers" is another great source of information: <http://www.health.state.mn.us/handhygiene/food/>.

According for Minnesota Statute 28A.05, the classification of "food handler" includes the following:

- a. Retail food handlers: sell or process food directly to the ultimate consumer either via a farmers' market, vending machine or grocery store
- b. Wholesale food handler: persons who sell to others for resale
- c. Wholesale food processors: persons who process food in any way for later resale by others
- d. Food broker: person who buys and sells food and who negotiates between buyer and seller⁸

Food transport, display and storage present their own hazards. The main issue to avoid is cross-contamination of raw with cooked food. Read more to "Prevent Cross-Contamination" here: <http://www.health.state.mn.us/foodsafety/clean/xcontamination.html>.

Food-Related Safety Issues

Outbreaks involving fresh produce do happen. Establishing GAP, following licensing requirements and restrictions are all good business practices that will help to ensure your farmers' market's long life.

The Produce Safety Project conducted by Georgetown University helped the Food and Drug Administration (FDA) develop new, on-farm produce safety standards.⁹ According to the report, "Rates of food borne illnesses are generally similar in both spheres, and no substantial data suggest that food consumed in the United States is any safer or less safe than that consumed in Europe." However, the FDA is pushing through strict standards for revamping farm-to-table surveillance of domestic and imported food by developing a national surveillance plan and expanding collection of data on contamination of foods.¹⁰ You may download the full report:

http://www.issuelab.org/resource/healthrelated_costs_from_foodborne_illness_in_the_united_states

The Food Safety Modernization Act (FSMA) was in part the result of the food safety project mentioned above. To find out if this rule applies to you, to go:

<http://www.fda.gov/downloads/Food/GuidanceRegulation/FSMA/UCM360295.pdf>

If you operate a farm with less than \$25,000 in food sales and you sell to qualified end-users (local restaurants, directly to consumers) you are not bound by this rule (refer to the above pdf for a detailed description of who is covered or exempt).

⁷ (MDH 2013)

⁸ (28A.05 n.d.)

⁹ (Bottmiller 2010)

¹⁰ (Bottmiller 2010)

FOOD LICENSING IN MINNESOTA

Food licensing in Minnesota is complicated. Both the MDA and the MDH share responsibilities for food licensing; in many cases which department issues the license depends on the percent of sales (projected or actual) in a particular food category made by the vendor. To further complicate food licensing in Minnesota, both the MDA and MDH have issued 'delegated authority' (DA) to certain cities and counties. These DAs can issue their own licenses and fees, as long as they are the same or more restrictive than the state (never less). In 2014, MDA had seven DAs; MDH had 39 full DAs and five partial DAs.

The Minnesota legislature set up the licensing system that contains license categories for most food offerings and venues:

- Minnesota Statute Chapter 28A (under MDA) (<https://www.revisor.mn.gov/statutes/?id=28A>)
- Minnesota Statute Chapter 157 (under MDH) (<https://www.revisor.mn.gov/statutes/?id=157>)

Licensing identifies operators, provides accountability, connects subject experts and the regulatory authority with the operators, and provides oversight, education and guidance. (No license can take the place of good personal hygiene and proper hand-washing, however.)

Handling food for consumption onsite is a relative new-comer to farmers' markets. As such, many of the licensing categories and requirements may not fit precisely for the innovative environment that is a farmers' market. Check with the appropriate agency, MDA or MDH, for information on the right license for your planned activity. Both departments have a handy online map that allows you to type in your zip code to find your local food inspector:

- MDA: <http://gis.mda.state.mn.us/food/>
- MDH: <http://www.health.state.mn.us/divs/eh/food/license/contactmap.html>

Minnesota Statute 28A: Licensing Food Handlers

Most of the time, a vendor will start with MDA to see if a license is needed to sell food at a farmers' markets. MDA's food licensing authority resides in M.S. 28A. (The MDH gets involved when food service foods (ready to eat) are sold; its licensing authority resides in M.S. 157.)

“Assume you need a license to sell food in Minnesota...unless you meet one of these exclusions.”
Katherine Simon, MDA, 2012 MFMA Fall Conference

Minnesota Statute 28A: Licensing Food Handlers (<https://www.revisor.mn.gov/statutes/?id=28A>) lists all the laws pertaining to food for which MDA is responsible. In 28A.15, however, we find all the 'exclusions' to mandated licenses; in other words, if you fit one of these exclusions, you do *not* need a license to sell food in Minnesota.

Minnesota Statute 28A.15: Exclusions

There are nine subdivisions in M.S. 28A.15 that list exclusions to food licensing in Minnesota. We're listing the four that are most applicable to farmers' markets. To see the complete list: <https://www.revisor.mn.gov/statutes/?id=28A.15>

Subd. 2. Sales by farmers; others not in food business.

“Persons selling the products of the farm or garden occupied and cultivated by them, or to persons not regularly engaged in the business of manufacturing and selling food and who prepare food only on order of and for sale directly to the ultimate consumer, or to educational, charitable or religious organizations not regularly engaged in the business of manufacturing, processing, or selling food at their established educational, charitable or religious institutions.”

Subdivision 2 means that no license is needed for “persons selling the products of the farm or garden occupied and cultivated by them”; this includes some home-raised meats and poultry to which no non-

farm ingredients have been added.¹¹ Meats and poultry must be processed in a “Minnesota Equal To”¹² or USDA facility. A list of USDA facilities is found here: <http://tinyurl.com/nomfndu>.

Subd. 7. Ice; soft drinks; snacks.

“Persons whose principal business is not food handling but who sell only ice manufactured and prepackaged by another, bottled or canned soft drinks, prepackaged candy or nuts at retail, or persons who for their own convenience or the convenience of their employees have available for rehydration and consumption on the premises such nonperishable items as dehydrated coffee, soup, hot chocolate or other dehydrated food or beverage.”

Subdivision 7 means that if you’re a vendor who sells drinks as a business, you need a license. But, for example, if you’re a vendor who sells mostly baked goods, then you can also sell coffee / tea / etc. without a license. As always, food safety rules apply here as well.

Subd. 9. Community event or farmers' market

“An individual who prepares and sells food that is not potentially hazardous food, as defined in rules adopted under section 31.11, at a community event or farmers' market with gross receipts of \$5,000 or less in a calendar year from the prepared food items. If the food is not prepared in a kitchen that is licensed or inspected, the seller must post a visible sign or placard stating that: “These products are homemade and not subject to state inspection.” Prepared foods sold under this subdivision must be labeled to accurately reflect the name and address of the person preparing and selling the foods.”

The key to Subdivision 9 is understanding what “not potentially hazardous food” is. For the most part, it means the shelf-stable baked goods like cookies, cakes, muffins, quick breads, jams, jellies; all these meet this exclusion and do not require a license. Examples of baked goods that *are* potentially hazardous, and therefore *not* part of this exclusion and *do* require a license, are quiches and custards. The best way to ascertain whether a food is not potentially hazardous is to check with your local MDA food inspector: <http://gis.mda.state.mn.us/food/>.

The University of Minnesota Extension offers classes ever year throughout the state on food safety in preparing baked and canned food products from your home kitchen. If you would like a class offered in your area, contact Suzanne Driessen of the UME’s Food Safety Team at driessen@umn.edu.

Subd. 10. Certain home-processed and home-canned foods.

“(a) A person who receives less than \$5,000 in gross receipts in a calendar year from the sale of home-processed and home-canned food products and meets the requirements in clauses (1) to (5):

(1) the products are pickles, vegetables, or fruits having an equilibrium pH value of 4.6 or lower;

(2) the products are home-processed and home-canned in Minnesota;

(3) the products are sold or offered for sale at a community or social event or a farmers' market in Minnesota;

(4) the seller displays at the point of sale a clearly legible sign or placard stating: “These canned goods are homemade and not subject to state inspection” unless the products were processed and canned in a kitchen that is licensed or inspected; and

(5) each container of the product sold or offered for sale under this exemption is accurately labeled to provide the name and address of the person who processed and canned the goods and the date on which the goods were processed and canned.

(b) A person who qualifies for an exemption under paragraph (a) is also exempt from the provisions of sections 31.31 and 31.392.

MFMA is working with the MDA to modify both Subdivision 9 and 10 in the 2015 Minnesota legislative session. To receive updates on the progress of the proposed legislative changes, contact MFMA at info@mfma.org or (320) 250-5087.

¹¹ (MDA, Starting a Food Business in Minnesota 2008),pg. 22

¹² These plants are able to produce and process meat and poultry products for wholesale within the State of Minnesota; these plants are under continuous inspection. Updated December 2012. (MDA 2012)

(c) A person claiming an exemption under this subdivision is urged to:

(1) attend and successfully complete a better process school recognized by the commissioner; and

(2) have the recipe and manufacturing process reviewed by a person knowledgeable in the food canning industry and recognized by the commissioner as a process authority.

(d) The commissioner, in close cooperation with the commissioner of health and the Minnesota Extension Service, shall attempt to maximize the availability of information and technical services and support for persons who wish to home process and home can low acid and acidified food products.”

Subdivision 10 is often referred to as the “Pickle Bill.” No license is required for selling these particular home-processed and home-canned pickled products. Adherence to stringent guidelines for processing pickled products does apply. Farmers’ markets managers may wish to require proof that pickled products have been made following the guidelines. Vendors who take the University of Minnesota Extension’s class on home canning are issued a certificate of completion and are given sample templates to record their home canning procedures that could be made available to market managers.

Certain foods are allowed under this category:

- Pickles, vegetables and fruits
- Specific examples of products may be allowed: sweet or dill pickles, tomatoes, salsa, apples, cherries, grapes, plums, peaches, flavored vinegars and naturally-fermented foods such as Kim Chi or sauerkraut, as long as the equilibrium pH is 4.6 or lower.

Refer to the following fact sheet for more information: <http://www.mda.state.mn.us/food/safety/minn-food-code-fact-sheets/pickle-bill.aspx>

MDA Food License Categories

If you sell food and do NOT fit under one of the exclusions listed in MS. 28A.15, then you *will* need to buy a food license. MDA and MDH both have food license categories, some with the same name but with different fees associated with them. MDA’s food license categories are located in M.S. 28A.05: <https://www.revisor.mn.gov/statutes/?id=28A.05>. They are:

(a) **Retail food handlers** are persons who sell or process and sell food directly to the ultimate consumer or who custom process meat or poultry. The term includes a person who sells food directly to the ultimate consumer through the use of vending machines, and a person who sells food for consumption on site or off site if the sale is conducted on the premises that are part of a grocery or convenience store operation.

(b) **Wholesale food handlers** are persons who sell to others for resale. A person who handles food in job lots (jobbers) is included in this classification.

(c) **Wholesale food processors or manufacturers** are persons who process or manufacture raw materials and other food ingredients into food items, or who reprocess food items, or who package food for sale to others for resale, or who commercially slaughter animals or poultry. Included herein are persons who can, extract, ferment, distill, pickle, bake, freeze, dry, smoke, grind, mix, stuff, pack, bottle, recondition, or otherwise treat or preserve food for sale to others for resale, cold storage warehouse operators as defined in section 28.01, subdivision 3, salvage food processors as defined in section 31.495, subdivision 1, and dairy plants as defined in section 32.01, subdivision 6.

(d) A **food broker** is a person who buys and sells food and who negotiates between a buyer and a seller of food, but who at no time has custody of the food being bought and sold.

The Fees associated with these licenses are found in M.S. 28A.08:

<https://www.revisor.mn.gov/statutes/?id=28A.08>

Minnesota Statute 157

MDH’s food licensing authority resides in M.S. 157. The two key sections are M.S. 157.15 (<https://www.revisor.mn.gov/statutes/?id=157.15>) that lists definitions and M.S. 157.16 (<https://www.revisor.mn.gov/statutes/?id=157.16>) that lists the licenses required and their associated fees.

M.S. 157.15: Definitions

There are 20 subdivisions in M.S.157.15 of which five pertain mostly to farmers’ markets:

Subd. 6. Food cart.

"Food cart" means a food and beverage service establishment that is a nonmotorized vehicle self-propelled by the operator.

Subd. 9. Mobile food unit.

"Mobile food unit" means a food and beverage service establishment that is a vehicle mounted unit, either:

(1) motorized or trailered, operating no more than 21 days annually at any one place, or operating more than 21 days annually at any one place with the approval of the regulatory authority as defined in Minnesota Rules, part 4626.0020, subpart 70; or

(2) operated in conjunction with a permanent business licensed under this chapter or chapter 28A at the site of the permanent business by the same individual or company, and readily movable, without disassembling, for transport to another location.

Subd. 12a. Seasonal permanent food stand.

"Seasonal permanent food stand" means a food and beverage service establishment which is a permanent food service stand or building, but which operates no more than 21 days annually.

Subd. 13. Seasonal temporary food stand.

(a) "Seasonal temporary food stand" means a food and beverage service establishment that is a food stand which is disassembled and moved from location to location, but which operates for no more than 21 days annually at any one location, except as provided in paragraph (b).

(b) A seasonal temporary food stand may operate for more than 21 days annually at any one place with the approval of the regulatory authority, as defined in Minnesota Rules, part 4626.0020, subpart 70, that has jurisdiction over the seasonal temporary food stand.

Subd. 14. Special event food stand.

"Special event food stand" means a food and beverage service establishment which is used in conjunction with celebrations and special events, and which operates no more than three times annually for no more than ten total days.

M.S. 157.16: Licenses and Fees

MDH receives its authority to issue licenses and charge fees in M.S. 157.16 (<https://www.revisor.mn.gov/statutes/?id=157.16>).

MDH created fact sheets for its license categories in one handy place on its website:

<http://www.health.state.mn.us/divs/eh/food/license/special.html>

Certified Food Manager

Subdivision 2a of in M.S. 157.16 sets the fee MDH receives for the food manager certification; this is in addition to the fee charged for the course itself.

Subd. 2a. Food manager certification.

An applicant for certification or certification renewal as a food manager must submit to the commissioner a \$35 nonrefundable certification fee payable to the Department of Health. The commissioner shall issue a duplicate certificate to replace a lost, destroyed, or mutilated certificate if the applicant submits a completed application on a form provided by the commissioner for a duplicate certificate and pays \$20 to the department for the cost of duplication.

Types of Food Establishments Required to Have a Certified Food Manager

Most food establishments, with some exceptions listed below, are required to have a Certified Food Manager.

Connecting the Dots: Statutes, Rules and Variances

The Minnesota Legislature passes the laws (statutes) that the MDA and MDH must enforce. The MDA and MDH are then in turn responsible for writing and enforcing the rules that give more detail to the statutes. While there can be *no variances issued to statutes*, both departments (and their delegated authorities) can issue variances to the rules, based on specific conditions for each vendor / situation.

For the most part, it's the menu of food that drives the licenses (and potential variances) in each situation.

Some **of the establishments that do not have to employ a certified food manager are:**

- Food establishments where food preparation activities are only one or more of these:
 - Heating or serving precooked hot dogs or sausages, popcorn, nachos, pretzels or frozen pizza.
 - Preparing or serving continental breakfast.
 - Preparing or serving beverages or ice.
 - Grinding coffee beans.
 - Packaging non-potentially hazardous foods.
 - Serving bulk foods.
 - Processing raw meat, poultry, fish or wild game intended for further cooking after sale.
 - Heating as the only preparation for a bakery product.
 - Providing prepackaged food in its original package.
 - Cleaning or sanitizing eating, drinking or cooking utensils.
- Boarding establishments, bed and breakfast facilities, child care or adult day care facilities that serve 18 or fewer meals per mealtime.
- **Food carts, mobile food units, seasonal permanent or temporary food stands, special event food stands, retail food vehicles, portable structures, carts or vending machines.**
- An establishment that provides no more than one meal per week and its main purpose is not food service.
- A nursing home, hospital, boarding care home or supervised living facility, if only patients and staff are served.

Minnesota Food Code

The Minnesota Food Code that MDA and MDH follow is found in the Minnesota Administrative Rules, Chapter 4626: <https://www.revisor.mn.gov/rules/?id=4626>. The Minnesota Food Code contains *all the rules* that pertain to handling food, from personal hygiene of people handling food – to standards for equipment that touches food – to water quality standards, etc.

Food Categories that Do Require Licenses

Pre-packaged foods

If you are planning on selling food from your farm such as cheese or sausage that has been processed by adding ingredients not grown on your farm, you will be required to get MDA's Retail Food Handler License (RFHL). Fees start at \$77 and increase depending on yearly sales. The food sold is intended for off-site consumption only. Other foods that require a RFH license include honey that has added ingredients such as flavorings and items such as BBQ sauce.

Ready-to-eat food

Let's say you wish to sell wood-fired oven pizza at your farmers' market. Food preparation, cooking, selling and consuming will all take place on-site. Depending on the structural requirements, you may opt to apply for a Seasonal Temporary Food Stand (STFS), a Food Cart (FC), a Mobile Food Unit (MFU) or a Seasonal Permanent Food Stand (SPFS) license.

M.S. 28A.151: Safe Food Sampling and Cooking Demos at Farmers' Markets

Starting in late 2012, MFMA worked with MDA and MDH, as well as numerous other stakeholders, to change the laws that were preventing food sampling at many farmers' markets. That 18-month effort resulted in the successful passage of M.S. 28A.151: <https://www.revisor.mn.gov/statutes/?id=28A.151>.

The key points to the safe food sampling at Minnesota farmers' markets law are as follows:

1. It defines what a farmers' market is, thus establishing the platform for the safe food sampling initiatives. The definition is: farmers' market means an association of three or more persons who assemble at a defined location that is open to the public for the purpose of selling directly to the consumer the products of a farm or garden occupied and cultivated by the person selling the product.
2. It sets the food safety standards for food sampling that vendors must comply with equal to MDH's "Special Event Food Stand" license category, but without making vendors or food demonstrators apply for the license or pay the fee.

3. It removes the 21-day limitation for food sampling for vendors with value-added products, like cheese and meat.
4. In order to comply with the food safety standards but without the license, all food samples and food demonstrations must be prepared on-site at the farmers' market.
5. It expands what a vendor can sample. In the past, a grower could sample, without a license, only the food they grew on their farm. For example, a tomato slice could be sampled but not with salt, since salt wasn't grown on the farm. This new law removes that limitation; as long as the main ingredient in the sample is a product the vendor is selling at the market, other food items (like spices) can be added, without a license.
6. It allows food demonstrations at farmers' markets to be prepared, cooked and sampled on-site, without a license or fee.
7. It mandates that all food samples are free, 3-ounces or less, and are offered as single servings only. In other words, in individual cups, toothpicks.
8. It mandates that vendors offering food samples must do so under a canopy or tent, wear disposables gloves, and have an approved gravity handwashing station.

For a complete summary of the legislation, see: <http://mfma.org/files/632.pdf>

Training for Safe Food Sampling and Cooking Demos at Minnesota Farmers' Markets

MFMA and the University of Minnesota Extension have teamed up to offer trainings for all farmers' markets and vendors interested in offering safe food samples and cooking demos. Several fact sheets have been developed and can be accessed on MFMA's website as well as UME's:

- MFMA: <http://mfma.org/pages/MFMLibrary/>
- UME: <http://www.extension.umn.edu/food/food-safety/courses/safe-food-sampling-farmers-markets/index.html>

Selling Specialty Items at a Farmers' Market

Eggs

No license is required if you are selling eggs from your own farm, although the MDA does require you to register with MDA: <https://www.mda.state.mn.us/~media/Files/licensing/forms/ag02433egg.ashx>.

If you plan on selling your farm eggs to food facilities, refer to this publication:
<http://www.mda.state.mn.us/en/food/safety/~media/Files/food/foodsafety/egg-sales.ashx>

Reselling eggs requires the MDA's Retail Mobile Food License.

General requirements for both instances include the following:

1. Eggs must be candled and graded
2. **Exemption:** eggs for sale to restaurants, grocery stores or boarding houses¹³
<http://www.mda.state.mn.us/~media/Files/licensing/forms/ag02433egg.ashx>
3. Information on the carton must include:
 - a. Correct size and grade
 - b. The statement: "Perishable - Keep Refrigerated"
 - c. The statement: "Safe Handling Instructions: to prevent illness from bacteria, keep eggs refrigerated, cook eggs until yolks are firm, and cook foods containing eggs thoroughly."
 - d. The pack date which may be coded by utilizing the Julian date¹⁴
 - e. The freshness date (45 days after the packing date) and an explanation of that date,
 - f. The name, address and zip code of the packer or distributor
 - g. The carton may be reused, but all older writing blotted out to avoid confusion
4. All eggs must be kept under mechanical refrigeration at 45°F or lower, or kept in a cooler with ice up to 4 hours. For storage beyond 4 hours they should be in mechanical refrigeration.¹⁵
5. MDA staff clarified the difference between egg storage requirements for wholesalers and retailers: wholesalers can hold eggs at 45°F, but retailers must have eggs at 41°F when they are offered for

¹³ (MDA, Grading and Sales for Small Producers Exempt from Licensing 2011)

¹⁴ Julian Dating: January 1 is 001 and December 31 is 365

¹⁵ (MISA 2013)

sale to customers. They noted that sales of eggs to consumers directly from the farm do not fall under the Food Code. Also they clarified the requirements for mechanical refrigeration: potentially hazardous foods can be out of mechanical refrigeration for up to 4 hours, so in a farmers' market situation, if the total time from home to market to sale of the eggs, or home to market to return home, is <4 hours, eggs could be out of mechanical refrigeration. MDA will review the two documents that have conflicting language: Operational Guidelines for Farmers' Market Vendors, and Sale of Locally Raised Eggs to Food Facilities.¹⁶

In order to maximize sales and profits, some egg vendors may wish to label eggs based on how the chickens are fed and/or kept. Some definitions of note include:

1. **Free-range:** hens have access to a large outdoor area, although they may be fenced in. Other requirements apply. Read more here: <http://www.misa.umn.edu/FarmFoodResources/LocalFood/EggSales/index.htm3>
2. **Omega-3:** including 10% flax seed in a laying hen's diet results in eggs with a high level of omega-3 fatty acids. If you claim omega-3 content, you must verify their composition.
3. **Pasture-raised:** nearly the same as 'free range'; it assumes the hens have a large outdoor area and that the hens got a portion of their diet from grasses and other pasture plants.¹⁷

Meats

No license is needed if meat or poultry is sold unprocessed from the farm directly to the consumer. However, a farmer will need to have the animals slaughtered at a USDA or "Minnesota Equal To" plant if they sell that meat at a farmers' market. A Retail Mobile Food Handlers license is needed if the farmer processes meat or poultry from the farm by adding seasonings, for example.

If a USDA or "Minnesota Equal To" plant is not available, then farmers may sell their live animals for custom-exempt processing. The animals must be alive and whole when sold. Customers must also select their own animals or sign a form stating they allow the farmer to do so for them.¹⁸

Labels you may wish to use include the following from:

- **Grass-Fed:** USDA has a working definition for grass-fed beef that stipulates cattle have to be on a grass diet only and access to pasture year-round – no grain allowed. The program is voluntary, however, without third-party verification. Labels that read "100% grass-fed" or "grass-finished" and verified by a third party, such as the American Grassfed Association, will guarantee the beef has only been grass and hay fed.
- **Natural:** The USDA defines "natural" and "all-natural" as a food product that has been minimally processed and contains no preservatives or artificial ingredients. Since this is all true of all fresh meat, this label is relatively meaningless.
- **Naturally Raised:** Standards for "naturally raised" are being developed by the USDA. Presumably they will prohibit hormones, antibiotics, and animal by-products.
- **No Antibiotics:** Producers must submit documentation that the livestock were not administered any antibiotics to label their animals "raised without antibiotics," but there isn't any third-party verification or testing.
- **No Hormones:** Meat labeled "no hormones administered" has, according to the producer, not been given growth hormones. While the producer must submit paperwork to that effect, it is not third-party verified.
- **Organic:** USDA-certification for organic meat forbids the use of growth hormones, antibiotics, genetically modified feed, or animal by-products in raising the livestock. Certified organic products have all been third-party verified.
- **Pastured:** There is no legal standard for "pastured," but it is usually used to emphasize that the animal has been raised primarily outdoors on live pasture where chickens can peck and pigs can root.

¹⁶ (MDA, LFAC Meeting Notes 2013)

¹⁷ (MISA 2013)

¹⁸ (MISA 2013)

Poultry

No license is needed if poultry farmers process and sell up to 1,000 birds per year. The processing must be done on the farm under sanitary conditions. The birds must be sold directly to consumers from the farm premises or at farmers' markets. The MDA requires that poultry farmers register as an on-farm exempt producer (free) no matter how many birds are processed; an inspection will ensue. If processing over 1,000 birds, inspectors will check your operation. Read more here:

<http://www.mda.state.mn.us/en/food/safety/~media/Files/food/foodsafety/poultrysales.ashx>
and here: <http://www.backyardchickens.com/a/understanding-the-usda-processing-exemptions>

Exempt poultry sold directly to the consumer from the farm must meet the following guidelines:

1. Farms must register with the Minnesota Department of Agriculture for this exemption
2. Selling less than 20,000 birds annually
3. Selling only birds raised on his/her own farm
4. Sold only from farm to individual consumers
5. No smoking, cooking or curing permitted
6. The processor must process poultry under sanitary conditions!
7. Must be labeled properly ¹⁹

Wild Mushrooms

Wild mushrooms kill consumers every year. Successful completion of a wild mushroom identification course from a provider approved by the MDA, and applicable licensing, is required to sell wild mushrooms, including morels, at a farmers' market. Other requirements would also apply.²⁰

Harvesting and selling wild mushrooms in Minnesota is a regulated activity. Read this publication before selling at a farmers' market:

<http://www.mda.state.mn.us/en/food/safety/~media/Files/food/foodsafety/fs-wildmushrooms.ashx>

At present, only morel mushrooms are allowed to be sold directly to markets, restaurants or consumers. However, those persons wishing to sell morels must become an approved (safe) source first. In accordance with the Minnesota Food Code 4626.0155 (<https://www.revisor.mn.gov/rules/?id=4626.0155>), mushroom foragers wishing to sell their morel mushrooms need to qualify to be licensed by MDA or delegated agency, must have taken the course titled Mushroom Identification, Traceability and Safe Food Handling and provide a letter and/or certificate from an academic institute to the MDA.

Cultivated Mushrooms

Cultivated mushrooms, such as shiitakes, oyster, and wine caps may be sold at farmers' markets as products of the farm.

Live Animals

Selling live food animals is not allowed at Minnesota farmers' markets. A market wishing to sell live chickens, for example, will need to be licensed under a custom processing license. If slaughtering is part of the operation, then the facility will need to meet processing standards. City ordinances may also restrict the sale of live animals.

Alcohol

Minnesota is relatively unusual among states in that almost all its retail liquor licenses are issued locally (city or county) rather than by a state agency.²¹ To date, no alcohol sales are allowed in public places such as where farmers' markets operate. However, in 2014 and 2015, bills were introduced at the Minnesota Legislature to allow some selling and sampling of local wine, although as of this printing, were not passed into law.

¹⁹ (Topie 2011)

²⁰ (MDA, Operational Guidelines for Farmers' Market Vendors 2011)

²¹ (Representative 2008)

PRODUCT LIABILITY INSURANCE

General and product liability insurance will be covered in more detail in Chapter 12, just note that is always recommended to have product liability insurance commensurate with the risk to your financial health.

MFMA has partnered with Stearns Insurance Services of St. Cloud for several years to offer an affordable basic general and product liability insurance program for both markets and vendors.

See MFMA's website for details:

<http://mfma.org/pages/InsuranceMembership/>

CONCLUSION

Selling food at a farmers' market, whether grown and produced by you or prepared on site, requires attention to proper food handling and personal hygiene. Before you embark on any food-related activity, check with the MFMA, MDH and MDA. Don't become too invested in your enterprise before you are aware of all that is involved in getting your product to market.

APPENDIX A - SUMMARY OF REQUIRED LICENSING FOR FOOD SOLD AT FARMERS' MARKETS IN MN

Fresh Produce

<input type="checkbox"/>	No license if raw, uncut, and unprocessed
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Eggs

<input type="checkbox"/>	No license if from the farm but must register with MDA
<input type="checkbox"/>	Keep at 45°F or lower
<input type="checkbox"/>	Retail Mobile Food Handler License if reselling eggs

Honey, Maple Syrup

<input type="checkbox"/>	No license if single-ingredient product
<input type="checkbox"/>	MDA Retail Mobile Food Handler license required if product is processed in any way

Baked Goods

<input type="checkbox"/>	No license if using non-potentially hazardous ingredients; exempt for sale at farmers' markets
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Meat/Poultry

<input type="checkbox"/>	No license if under USDA or "Equal to" inspection
<input type="checkbox"/>	Must register with MDA

Cheese/Dairy

<input type="checkbox"/>	No license if unprocessed; single-ingredient only
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Mushrooms

<input type="checkbox"/>	No license if raw, uncut, and unprocessed
<input type="checkbox"/>	Course on mushroom safety is required to sell at a farmers' market

Fish

<input type="checkbox"/>	No license if raw, uncut, and unprocessed
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Flowers/Crafts

<input type="checkbox"/>	No license
<input type="checkbox"/>	Seller must have valid MN State Tax ID Number

APPENDIX B

Food Stand Description								
Statute	Example Activity	License	Authority	Cost	Day limit	Equipment	Sampling	Example
28A.15 subd 2 Sales by farmers and others not in the food business	Produce from own farm; meat, poultry from own farm processed at a "MN Equal To" or USDA facility	None	NA	NA	NA	NA	Allowed (no meat, poultry and no potentially hazardous produce)	vegetables, fruits
28A.15 subd 9 Activities at a farmers market (not the "Church Lady" law)	Selling exempted non-potentially hazardous food	None	NA	NA	NA	NA	Allowed	bread, jams, jellies, lefse
28A.15 subd 10 Certain home-processed and home-canned items	The 'pickle bill'	None	NA	NA	NA	NA	Allowed	Pickles, salsa
28A.06 Retail food vehicle, portable structure or food cart, set up at a farmers market	Selling packaged foods or whole produce for off-site consumption; MDA may limit type of food sold or provided based on equipment	Yes <i>Retail Mobile Food Handlers</i> 28A.05	MDA	Starts at \$77	NO	NA	NO	Resellers, Mobile Farmers' Markets
157.15 subd 6 Food Cart (<u>non-motorized</u> , single unit, self-propelled)	Selling food that is prepared or served on site	Yes <i>Food Cart</i>	MDH	Plan review: \$250 Annual license: \$250	NO	NSF	Yes	All foods and activities; example: hot dog cart
157.15 subd 12a <u>Seasonal Permanent Food Stand</u>	Selling food that is prepared or served on site, permanent structure or unchanging location	Yes <i>Seasonal Permanent Food Stand</i>	MDH	Plan review: \$250 Annual license: \$250	21 days	NSF	Yes	All foods: hot dogs, hamburgers, pizza, ice cream. Example: State Fair Stands
157.15 subd 13 <u>Seasonal Temporary Food Stand, <u>mobile, disassembled</u> after every use</u>	Selling packaged food , sampling and preparing packaged food for on-site consumption	Yes <i>Retail Food Handler</i>	MDA	Starts at \$77	21 days	NSF	Yes	Sampling own cheese, sausage
	Selling non-packaged, potentially hazardous foods , preparing and selling for on-site consumption	Yes <i>Seasonal Temporary Food Stand</i>	MDH	Plan review: \$250 Annual license: \$250	21 days	NSF	Yes	Cooking demos
157.15 subd 9 <u>Mobile Food Unit, enclosed within a vehicle or trailer; <u>not disassembled</u> after every use, <u>temporary</u></u>	Selling food that is prepared on-site for on-site consumption	Yes <i>Mobile Food Unit</i>	MDH	Plan review: \$250 Annual license: \$250	21 days	NSF	Yes	All foods

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Food and Food Ingredients

Also See Fact Sheets 102B, 102C, 102D and 102E

102A

Sales Tax
Fact Sheet

Food and food ingredients are exempt. *Food* and *food ingredients* mean substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value.

Examples of nontaxable food and food ingredients

The following items are generally exempt. However, if any of these items are prepared by the seller, sold with eating utensils provided by the seller, or sold through vending machines, they are taxable.

- baking powder
- baking soda
- beverage powders (unless dietary supplement)
- bread
- cakes and cake icing
- cereals
- cereal bars with flour
- chip dip
- chips (potato, corn, etc.)
- cocoa
- coffee
- condiments
- cookies
- cooking oil
- dairy products
- dried fruit (without sweeteners)
- eggs
- fish
- flavorings
- flour
- food coloring
- frozen meals
- fruit juices (more than 50% juice)
- fruits
- gelatin
- granola
- gravies
- herbs (seasoning)
- ice cream, sherbet, and frozen yogurt, including prepackaged novelties
- ice cubes or blocks
- malted milk powder
- margarine
- meat
- nuts
- peanuts
- pies
- popcorn
- popsicles
- poultry
- pumpkins
- raisins
- relishes
- saccharin
- salad dressing
- salt
- sauces
- seasonings
- shortening
- spices
- spray candy
- sugar (including colored)
- sunflower seeds
- sweeteners
- tea (bags, leaves, or powdered)
- trail mix (prepackaged with candy)
- vegetables
- water

Taxable items

The exemption for *food and food ingredients* does not include candy, soft drinks, food sold through vending machines, prepared foods, alcoholic beverages, dietary supplements, and tobacco. Following is a list of items that are taxable because they fall into these subcategories that are specifically excluded from the food exemption. The taxable subcategory is noted in parentheses.

- baking chips, sweetened
- baking bars, candy-coated items (candy)
- beer (alcoholic beverage)
- beer nuts (candy)
- breath mints (candy)
- cake decorations (candy)
- cereal bars without flour
- dried fruit with sweeteners (candy)
- fruit drinks with 50% or less fruit juice (soft drink)
- gum (candy)
- herbal supplements (dietary supplement)
- honey roasted and honey coated nuts (candy)
- marshmallows (candy)
- party trays (prepared food)
- soda pop (soft drinks)
- sweetened baking bars or chips (candy)
- sweetened bottled water (soft drink)
- tea (with "supplement facts" label)
- tobacco products, except cigarettes which are not taxed at retail (tobacco)
- vitamins and minerals (dietary supplement)

Gift baskets and other combination packages (bundled transactions)

When a bundled transaction includes food and food ingredients special rules apply and the sale may or may not be taxable. The sale is taxable if:

1. the seller's purchase price of the taxable items in the transaction is more than 50% of the total purchase price of all of the items in the transaction, or
2. the seller's sales price of the taxable items in the transaction is more than 50% of the total sales price of the transaction.

Sellers cannot use a combination of the purchase price and sales price when making the 50% determination for a transaction.

Use tax is due on the seller's cost of taxable items included in the bundle if:

- 1) the retail sale of the bundled transaction is not taxable, **and**
- 2) the seller's purchase price of all taxable items in the bundled transaction is more than \$100.

Example 1. A grocery store assembles and sells fruit baskets. The store purchases the baskets for \$5.00 each and puts a variety of fruit into each basket that cost the store \$7.00 per basket. Each fruit basket is sold for \$20.00. Sale of the fruit baskets are not taxable, because the taxable item (the basket) costs less than 50% of the total purchase price of all of the items in the transaction. The store does not owe use tax on the purchase of the fruit baskets, because the store's purchase price of the basket included in each sale is less than \$100.00.

Example 2. A children's store makes gift packages for new parents. The package sells for \$300.00 and includes baby formula and other nontaxable items along with a baby monitor and a car seat. The transaction qualifies for the 50% test because baby formula is a food or food ingredient. The store uses its purchase price of the items in the transaction to determine the taxable percentage of the sale. The store's purchase price of the nontaxable items in the gift package is less than 50% of the total purchase price of all the items in the package so the sale of the gift package is taxable. Since the retail sale is taxable, the store does not owe use tax on the taxable items included in the gift package.

Example 3. Same as Example 2, except that the store's purchase price of the taxable items in the package is less than 50% of the total purchase price of all the items in the package. However, the cost of the taxable items in the package is more than \$100.00. In this situation, the sale of the gift package is not taxable, but the store owes use tax on their cost of all taxable items included in the gift package.

References

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M. S. 297A.61, Subd. 31, Prepared food
M. S. 297A.61, Subd. 32, Soft drinks
M. S. 297A.61, Subd. 33, Candy
M. S. 297A.61, Subd. 34, Food sold through vending machines
M. S. 297A.61, Subd. 38, Bundled transaction
M. S. 297A.63, Subd. 1(d), Use of tangible personal property or taxable services
M. S. 297A.67, Subd. 2, Food and food ingredients
M. S. 297A.67, Subd. 32, Cigarettes
MN Rule 8130.4700, Prepared Food, Candy, and Soft Drinks
MN Rule 8130.4705, Food Sold with Eating Utensils

Fact sheets that may be of interest:

Candy, #102B
Soft Drinks and Other Beverages, #102C
Prepared Food, #102D
Dietary Supplements, #102E
Food Stamps, #115
Local Sales and Use Taxes, #164
Restaurants and Bars, #137
Vending Machines and Other Coin-Operated Devices, #158



Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 8

Building A Vendor Base

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

Chapter 8

Building a Vendor Base

Vendors are essential to the success of farmers' markets and the people who satisfy expectations for the consumer. As committed growers, producers, and artisans, vendors are at the core of the market's continuing operation and future sustainability. Because vendors create a farmers' market's personality, they must provide quality and do so with a pleasant manner, cleanliness, knowledge and commitment.¹

Farmers' markets benefit the community and new farmers in many ways by:

- Acting as business incubators for small and newly formed farmers
- Offering better pricing opportunities
- Offering better opportunities for family farms
- Offering direct interaction with consumers
- Providing a means to learn directly from consumers
- Providing opportunities for developing new crops
- Providing advertising at little or no cost to the farmer
- Creating an atmosphere of community and a bond between consumer and producer²

DESIRABLE TRAITS IN VENDORS

When recruiting vendors for your farmers' market, the following traits will enhance the quality of your market:

Seek vendors who are customer-oriented

Consumers expect vendors to be customer-oriented. Vendors who engage consumers in friendly conversation exchange much more than information about their products. They enhance their customers' shopping experience and create vendor and market loyalty.³



Seek vendors who value personal hygiene and product cleanliness

Customers expect to see a well-kept vendor selling clean, near-perfect produce attractively displayed. Vendors should display a certain competency in post-harvest handling - this includes knowing when to harvest and how to keep product looking fresh all market-day long.⁴

Seek vendors who set up attractive displays

Gone are the days when putting out an old, dirty table with boxes on it sufficed.⁵ Abundance and neatness are the two most important factors in attracting customers to a vendor's stand.⁶ Colored and textured arrangements enhance the desirability of products. Colored table cloths, tents, photos, awnings, and racks can also add to the beauty of the surrounding environment.⁷

Seek vendors who understand the importance of pricing and signage

Displaying the price and the name of the product clearly and conspicuously makes your stand more approachable. Food

¹ (Rezac-Andersen 2006)

² (Keller 2012)

³ (Rezac-Andersen 2006)

⁴ (Keller 2012), pg. 5

⁵ (Keller 2012), pg. 14

⁶ (Keller 2012)

⁷ (Rezac-Andersen 2006)

shoppers are used to shopping retail stores where they don't have to ask about prices. If they have to ask about the price, some shoppers may not even consider shopping at your stand.⁸

Seek vendors who will make a commitment to your farmers' market

When vendors set up to sell infrequently or are absent when the season slows down, your farmers' market will suffer or fail. Vendors must be committed to staffing the market all season long.

Seek vendors who understand the importance of knowing and following farmers' market's rules and regulations.⁹

When markets provide vendors with opportunities for input, they are enhancing their vendors' success and sense of ownership within the market. Farmers' markets require that vendors take direction from management and follow rules, arrive on time and act as team players.¹⁰

Seek out vendors within your demographic area

Local producers, growers, artisans, or farmers interested in working collaboratively and collectively for the common good are all great additions to the farmers' market team.

Seek vendors who will participate in ongoing educational opportunities

Vendors are often expected to be educators. Successful vendors spend time educating themselves at farmers' market workshops, educational seminars, and organizational meetings. The University of Minnesota Extension Service, Minnesota Farmers' Market Association, Minnesota Grown, Minnesota Institute for Sustainable Agriculture, and Sustainable Farming Association of Minnesota are only a few of the numerous groups that provide educational opportunities and resources for farmers' markets and its vendors. Educational opportunities as well as information exchange with other vendors are integral to a vendor's success. Market managers can also help vendors by providing speakers, forums, seminars, and tips for vendors that will benefit their market. Professionalism within a farmers' market is dependent on the knowledge of the vendor. The farmers' market world is constantly and rapidly changing. Ongoing vendor and manager education holds the key to both vendor and market success.

Seek out vendors of varied expertise

For a market to be successful, it must offer the consumer a wide spectrum of purchase choices. A mix of growers, producers, artisans, artists, and crafters will attract a wide customer base. Characteristics of an item being purchased can greatly affect shopping behavior. Items can be classified into three categories: convenience items, homogeneous shopping items, and specialty items. Convenience items are those usually associated with convenience stores, such as milk and bread. People will not usually travel to other locations to buy these items. Homogeneous shopping goods are those items that customers see as largely identical: consumers do not recognize differences in homogeneous items. Specialty or craft items are characterized by their uniqueness. Consumers are willing to search out these items since they are unique. Some organic products fit in this last category. Because customers are willing to travel significant distances to get specialty items, their location is somewhat less important than it is for the other two categories. Again, if the product that customers want is unique, they may be willing to come to a farmers' market despite less convenient conditions that may be present.¹¹

VENDOR RECRUITMENT

Recruiting committed vendors is a task that usually results in a successful and sustainable farmers' market.

Before a vendor is admitted to your farmers' market, give them an opportunity for conversation with either the market manager, representative of the farmers' market board of directors, or both to assure that the vendor truly wants to become a member of the farmers' market and is a person whose personality and products will add value to the success of the farmers' market.

⁸ (Keller 2012)

⁹ (Keller 2012), pg. 5

¹⁰ (Keller 2012), pg. 6

¹¹ (Nefstead 2006)

Place posters or signs requesting the need for farmers' market vendors at area schools, places of worship, civic centers, restaurants, grocery stores, laundromats, accommodation and lodging facilities, retail stores, service sites, chamber of commerce locations, civic and government offices, University of Minnesota Extension facilities, and community websites. When advertising the need for vendors, include the name and number of the contact person, the dates and location of the farmers' market, and the market's mission statement.

Other area farmers' market vendors who reside within your demographic area may want additional locations at which to sell. Maintain lines of communication with other market managers in your location.

Enlist the support and connections your community provides. Provide public forums that engage community support. At the heart of each successful market are community supporters who value fresh, locally grown produce and locally-made products. They may know of farmers willing to sell at your market.

Most communities get media attention when farmers' markets are being established. Engage local media in the recruitment of vendors by utilizing radio, newspapers, periodicals, chamber of commerce newsletters, community and faith publications, and websites. Local radio and television stations will often provide a free thirty-second public service announcement for community events. Contact local radio and television media to determine their position on free public announcements.

Be on the look-out for potential vendors as you drive around your community. Roadside stands, annual fairs and festivals are gatherings for a wide variety of local growers and producers.

Vendors are the heart of your farmers' market. They work hard to provide consumers with healthy locally-grown food choices and quality-produced products, while using excellent management and environmental stewardship practices. Recruiting quality vendors committed to your market is the key ingredient to the success and sustainability of your farmers' market.¹²

PRODUCTS

Customers are looking for quality when they shop at farmers' markets. The educational efforts of the past decade have produced a crop of savvy customers who now know the value of producing and of having access to local, fresh produce. They are willing to pay accordingly.

Vendors should bring to the market a large variety of produce including those varieties with which local consumers are familiar.¹³ Secondly, vendors need to adopt and adhere to Good Agricultural Practices (GAP) (see Chapter 7) in order to bring produce that has been handled properly, is clean and free of any damage.

PRICING

The reason customers cite for shopping at farmers' markets is the **quality** of produce.¹⁴ Setting a fair price for quality is difficult. The University of Kentucky's Cooperative Extension Service published a valuable document intended as an introductory marketing reference helpful for producers with information on product display and pricing.

<http://www.uky.edu/Ag/CDBREC/marketing/farmmarket.pdf>

Decide if you wish your market enterprise to be **a business or a hobby**. Setting the right prices is a balancing act where your prices are fair to both you and your customers.¹⁵ The idea is not to sell items so cheaply that you negate the point of selling directly to the consumer. Wholesale prices will not sustain a small farming enterprise. Be assured that many farmers' market consumers realize this and are not expecting Walmart prices from independent, small family farms.

¹² (Rezac-Andersen 2006)

¹³ (Selling Farm Products at Farmers' Markets 2013)

¹⁴ (Selling Farm Products at Farmers' Markets 2013)

¹⁵ (Bycznski 2010)

Quality is your friend. Variety is the key. When pricing, keep yours close to those of the supermarkets around your area but up to a point. Talk to your customers and let them know that the potatoes the grocer down the street sells for 10 cents a pound were probably harvested months ago. Yours were dug up last night.¹⁶

Setting prices for products involves knowing how much it costs to produce the item, including labor costs, and what the item costs in area markets. Items to consider when setting your price include cost of goods (seeds, fertilizers), cost of labor in tending, harvesting and cleaning, cost of packing and getting ready for market, and cost of selling. Online tools like the ones developed by the University of Kentucky can help figure crop budgets for many items sold at farmers' markets.¹⁷
<http://www.uky.edu/Ag/CDBREC/budgets.html>

Usually **price breaks** are given when customers buy in bulk; however, if you are selling a bushel of tomatoes for \$5 that cost you \$7 to produce (start to finish) you are adopting unsustainable pricing practices. And chances are you are probably not making friends with your fellow vendors who would like to get at least the cost of what they put into their crop.¹⁸

Competition from other vendors selling the same products is a factor in pricing. Presentation and packaging of your product helps not only sell it but set it apart from the competition. However, there is no substitute for quality; so strive to package your superior-quality product in a sustainable way. The bottom line is always, "Know your production costs".¹⁹

"**Loss leaders**" refers to items you sell below cost to get customers to approach your stand. Rare is the customer that does not buy your higher-priced items as well.²⁰

Maintaining a tidy, clean and uncluttered market stand will attract customers. In addition, customers will equate your well-presented stand with higher quality products and will pay accordingly. Always remember to have clear, attractive signs to promote your products.

Sampling is one of the best means to get customers to try and purchase your products. One survey found that sampling significantly impacted visitors' purchasing from the vendor (45%), recommended the product to a friend (38%), recommended the vendor to a friend (34%), and purchased other products from the vendor (20%).²¹ In addition, a consumer intercept survey conducted in 2009 by the University of Kentucky determined that farmers' market shoppers are more interested in product samples than debit card acceptance or bathroom access at the market.²²

Undercutting practices are one of the most common complaints from vendors. Hobby gardeners who dump their products, resellers and those not charging fair prices all contribute to this problem. However, hobby gardeners usually do not have staying power in a farmers market; the same is true for those farmers who charge unsustainable prices.²³

Some vendors hold to the thought that customers will tend to pay more because they know they are getting quality (you get what you pay for). Occasionally, customers will complain about prices but generally, expect customers to support your decisions, respect your work and pay a fair price.²⁴

Scales are handy tools to more accurately price products, but know that if you sell your product by the pound, you will need a scale for legal trade and made for commercial use, not the regular kitchen one.²⁵

¹⁶ (Selling Farm Products at Farmers' Markets 2013)

¹⁷ (Selling Farm Products at Farmers' Markets 2013)

¹⁸ (Selling Farm Products at Farmers' Markets 2013)

¹⁹ (Selling Farm Products at Farmers' Markets 2013)

²⁰ (Selling Farm Products at Farmers' Markets 2013)

²¹ (Hileman 2012)

²² (Hileman 2012)

²³ (Selling Farm Products at Farmers' Markets 2013)

²⁴ (Selling Farm Products at Farmers' Markets 2013)

Cooking demonstrations and recipes showcasing your products are good strategies for getting customers to buy from you.

The **number one myth** about farmers' market food prices is that they are much higher than at the grocery store. This myth has been debunked time and again. Knowing your production costs, being conscious of local prices, conducting customer surveys and gathering information from other vendors selling similar products, you should arrive at a final price that reflects accurately what you have put into the product to bring it to market. Post competitive prices clearly; customers are not used to asking what items cost at the grocery store. They may be shy to do so at the farmers' market.

²⁵ (Selling Farm Products at Farmers' Markets 2013)

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Farmers' Market Manual

A Comprehensive Guide to Help
Farmers' Markets Grow and Thrive

Chapter 9

Food Assistance Programs that Benefit Farmers' Markets

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Chapter 9

Food & Nutrition Assistance Programs that Benefit Farmers' Markets

BACKGROUND: SNAP, FMNP, S/FMNP, WIC, WIC FVVs

The first government-issued food assistance vouchers appeared in 1939 with the goal of supplementing the diets of Americans living in poverty as a result of the Great Depression. In 1964 the Food Stamp Program was created as a pilot project to determine if federal funding would help improve the diets of low-income households. Paper food stamps were issued until 1996. By 2004 all States were issuing food stamp benefits accessed via Electronic Benefits Transfer (EBT) cards.¹

SNAP (Supplemental Nutrition Assistance Program)

SNAP offers nutrition assistance to millions of eligible, low-income individuals and families and provides economic benefits to communities. SNAP is the largest program in the domestic hunger safety net. The Food and Nutrition Service works with State agencies, nutrition educators, and neighborhood and faith-based organizations to ensure that those eligible for nutrition assistance can make informed decisions about applying for the program and can access benefits.² As the largest food and nutrition program in the country SNAP presents a large, untapped pool of consumers for farmers, vendors, and markets across the country.

Minnesota's SNAP program is run by the Minnesota Department of Human Services (DHS). The structure of Minnesota's SNAP program is "county administered, state funded" in that DHS sets guidelines for eligibility, tracks enrollment, and distributes funds. Counties are responsible for all other activities associated with administering the SNAP program.³ The nature of Minnesota's SNAP program is such that markets that wish to reach out to SNAP recipients in their areas should partner with their county's social/human services departments to conduct joint outreach efforts.

FMNP (Farmers' Market Nutrition Program) & S/FMNP (Senior Farmers' Market Nutrition Program)

The Farmers' Market Nutrition Program and Senior Farmers' Market Nutrition Program (S/FMNP) provide low-income households with checks to use on fresh, locally grown fruits and vegetables at farmers' markets while expanding use at farmers' markets.⁴ The programs are administered at the Federal level through the USDA Food and Nutrition Service (FNS), and at the State through the Minnesota Department of Agriculture (MDA). FNS provides annual grants to the MDA for food and administrative costs, which are supplemented with State funds.

FMNP checks are issued to households participating in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) in addition to their regular WIC benefits. S/FMNP checks are given to individuals participating in the Nutrition Assistance Program for Seniors (NAPS). WIC households and seniors are provided with four \$5 checks during the summer. In 2015, approximately \$433,000 in S/FMNP benefits were redeemed by FMNP vendors.

¹ ("A Short History of SNAP," USDA Food Nutrition Service, November 20, 2014)

² ("Supplemental Nutrition Assistance Program (SNAP)," USDA Food Nutrition Service, January 29, 2016)

³ ("Minnesota Supplemental Nutrition Assistance Program," Benefits.gov)

⁴ ("WIC Farmers Market Nutrition Program Fact Sheet," USDA Food Nutrition Service, December 2015)

MINNESOTA DEPT. OF AGRICULTURE Farmers Market Nutrition Program 625 Robert St., St. Paul, MN 55155-2538	Account # 801238 2015 STAMP AUTHORIZED FMNP VENDOR NUMBER HERE	000000 VALID DATES OF USE June 15, 2015 – October 31, 2015 NOT TO EXCEED \$5.00 \$ 5.00 NO CHANGE GIVEN
NOT REDEEMABLE IN GROCERY STORES Payable to: <u>Authorized Minnesota FMNP Vendor #</u> Five dollars and no/100 Good for the purchase of fresh, locally grown vegetables, fruits, and herbs from a FMNP Vendor. Any other use constitutes fraud. Farmer must deposit by November 10, 2015	SOLUTRA <small>Customized Payment Solutions</small> CITIZENS ALLIANCE BANK HOWARD LAKE BRANCH CLARA CITY, MN 56222 75-1248/919	Signature of Participant or Authorized Proxy

Sample FMNP, SFMNP check

Because funding at the federal and state level is limited, farmers and farmers' market locations authorized to accept benefit checks are limited to those areas where the greatest potential use of the benefits can be achieved. The number of clients receiving benefits and the number of authorized markets play a role in determining those areas. Expansion to new areas is contingent on additional funding from FNS. See Appendix A for a list of contact information for local WIC agencies that distribute FMNP vouchers.⁵

Minnesota requires that the farmers who wish to accept S/FMNP and WIC FVV and the farmers' markets at which they sell be authorized annually. A list of 2015 authorized markets is available at <http://www.mda.state.mn.us/grants/fmnpfsmnp.aspx>.

Markets must meet the following eligibility criteria:

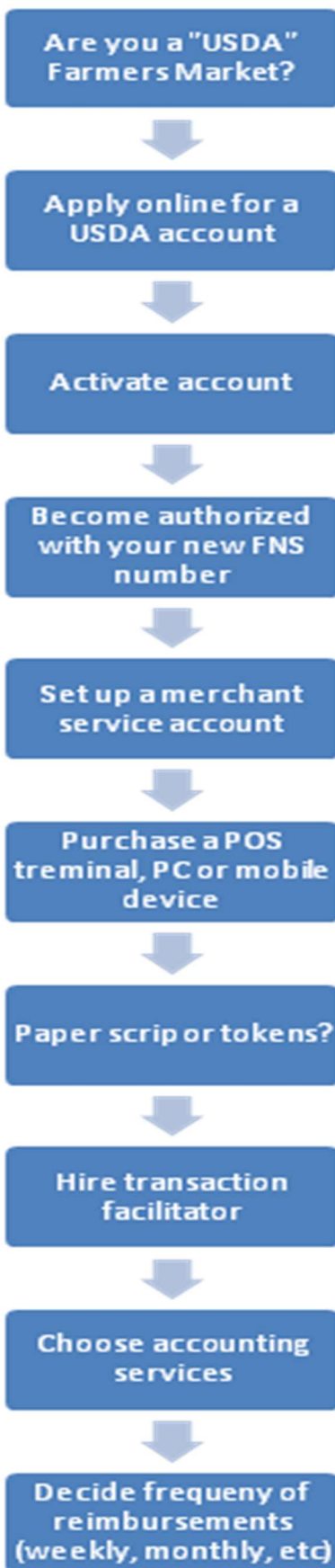
- Have established days/hours of operation at established sites
- Have a minimum of five FMNP/WIC FVV authorized vendors and guarantee presence of at least one authorized vendor during posted hours of operation
- Have a designated market contact that has attended a FMNP/WIC FVV Vendor Training Session and agrees to assist in program compliance
- Have market rules that contain, at a minimum:
 - Membership fees, a dues structure, or some other revenue source
 - Method to establish and enforce market rules and operating procedures
 - Process to amend market by-laws and rules
- Cannot charge members for participating in FMNP/WIC FVV
- Have at least one successful summer of operation prior to authorization

Farmers' eligibility requirements are as follows:

- Sell fresh, unprocessed, locally grown fruits and vegetables
- Sell at an authorized farmers' market
- Grow the items that they sell at the farmers' market. To be considered "grown" by the farmer the following are necessary:
 - Own the land you farm, or rent with a rental agreement in their name
 - Purchase the inputs (e.g. seeds)
 - Hired help must be employees and not contractors
 - May not be grown by adult children who live apart from the member
- Be a resident and farm in Minnesota or a bordering state

New vendors and market managers are required to attend training before being authorized for the first time. Training for all programs takes place in April each year and one training session covers all program details. The training takes about 1 ½ hours and covers authorization to accept FMNP, SFMNP, and WIC Fruit and Vegetable Vouchers.

⁵ (Ashley Bress, E-mail conversation, February 25, 2016)



Farmers at authorized farmers' markets may accept S/FMNP checks between June 15 and October 31. Checks must be deposited into the farmers' bank account no later than November 10. Farmers are issued a unique vendor ID number that must be stamped on all checks deposited into the bank.

A list of local WIC offices authorized to distribute FMNP vouchers can be found in Appendix A of this chapter. For information on how to become authorized, contact MDA FMNP Coordinator Ashley Bress (651-201-6648 or ashley.bress@state.mn.us) for more information.

WIC, WIC FVVs (Women, Infants and Children Fruit and Vegetable Vouchers)

WIC is a nutrition and breastfeeding support program that provides nutrition services, referrals, and healthy foods containing key nutrients to women (pregnant, breastfeeding, and postpartum), infants, and children during pregnancy and from infancy to age five. WIC provides information specific to the needs of the person based on a nutrition assessment and the child's stage of development.

The WIC program is funded by the United States Department of Agriculture (USDA) and is administered by the Minnesota Department of Health (MDH). MDH provides funds to a network of local agencies throughout the state that certify participants and issue food vouchers to WIC participants. WIC food vouchers list the specific amounts and types of healthy foods that can be purchased and can be redeemed at any authorized MDH WIC retailer.

In 2009, fruits and vegetables were added to the list of healthy food items that WIC participants are able to purchase. A new type of voucher, the WIC fruit and vegetable voucher (FVV) was created for this purpose that only lists fruits and vegetables and specifies a maximum dollar amount that can be purchased. Currently, the maximum dollar amount ranges between \$4 and \$11 depending upon the participant's eligibility status (infant, child or woman).

In 2010, the MDH WIC program partnered with MDA and S/FMNP to allow authorized farmers to also accept WIC FVVs between June 15th and October 31st of each year. As with S/FMNP, only authorized farmers may accept WIC FVV. Most WIC FVVs are redeemed at the authorized retail food stores.

MANAGING FOOD ASSISTANCE PROGRAMS AT FARMERS' MARKETS

There are significant differences to managing SNAP at farmers' markets compared to all the other food assistance programs. As of 2016, only SNAP has been converted to plastic EBT cards; all the other programs remain in paper form; although the USDA has plans to convert the other programs to plastic EBT cards in the future.

The main difference between SNAP and the other programs is the *cost to the farmers' market itself* to offer SNAP: the market has to purchase the EBT card reader, pay for the fees associated with the card transactions, pay for wooden tokens, and may need to pay someone to manage the system (write out reimbursement checks to the vendors in a timely manner and reconcile the market's accounting for unredeemed tokens), and pay potential taxes (see the

section on 6050W at the end of this chapter). The next significant difference is that someone from the farmers' market organization must *personally sign for the legal compliance of all vendors* with SNAP rules. Unfortunately, the SNAP transaction happens between vendors and SNAP participants, which requires a farmers' market to continually monitor training for all vendors to ensure compliance.

Since benefits issued by FMNP and WIC are still in paper form, there is *no cost to the market itself*, since the transaction happens between vendor and participant. This will change when the WIC transitions to an EBT system.

The USDA established funds to help expand the availability of wireless point-of-sale equipment in farmers' markets who became SNAP-authorized by the USDA Food and Nutrition Service on or after 11/18/2011. Certain direct marketing farmers who are participating in markets that have not yet committed to SNAP participation are also potentially eligible. In Minnesota, the Department of Human Services manages these USDA funds. Funds may be used to purchase or lease equipment or pay for wireless access. Funds are available through September 30, 2016. For more information, contact Sarah Aughenbaugh, sarah.aughenbaugh@state.mn.us or 651-431-3825.

Although there are significant barriers for farmers' markets to offer SNAP, the program remains a huge benefit to both SNAP participants and SNAP-eligible vendors at the farmers' market.

SNAP AT FARMERS' MARKETS

In Minnesota, there are 73 farmers' markets authorized to accept SNAP benefits as of February 7, 2016. A *full list of USDA authorized farmers' markets in Minnesota is available in Appendix B of this chapter.*

Of the nearly \$70,000,000,000 in SNAP benefits redeemed in 2014, .027% was redeemed at farmers' markets. These numbers, though they represent a very small part of the available funds, do demonstrate growth and the potential for growth in the farmers' market venue.⁶ Overall SNAP redemptions nationwide have begun declining as a result of improving economic conditions in the US economy – especially the declining unemployment rate. SNAP redemptions at farmers' markets increased by 17% between 2013 and 2014; and over the 5-year period from 2010 through 2014 SNAP redemptions at farmers' markets have increased by 131%. This increase can be attributed to markets' ongoing investment in innovative outreach, education, and incentives programs with the support from federal, state and local entities.⁷

Access to these funds requires innovative means of attracting consumers who receive these benefits. One example of a successful incentive program is Minnesota's Market Bucks program. The program was reauthorized in the state legislature's "Healthy Eating Here At Home (HEHAH)" bill in 2015 as a means of increasing EBT card use at farmers' markets, expanding customers' purchasing power, and encouraging healthy eating. Market Bucks help double the purchasing power of SNAP recipients at farmers' markets by matching SNAP benefits spent dollar-for-dollar, up to \$10. Additional \$10 certificates for Market Bucks are available through community partners at food shelves and SNAP Education. A SNAP user can spend \$10 and get up to \$30 to spend on eligible products at farmers' markets.⁸

Offering SNAP incentives like Market Bucks have proven to be easier in the context of a farmers' market or even a hospital that hosts a farmers' market than in a grocery store.⁹ The general consensus among health professionals has been that a prescription of fresh fruits and vegetables costing millions would in the end save trillions of dollars in health care costs.¹⁰

Food assistance programs benefit farmers, too. Various agencies spend significant funds encouraging healthy eating; encouraging these customers to buy local foods has the potential for transforming the local farming economy. Municipalities, businesses, nonprofits and other organizations all benefit by letting SNAP benefits recipients know their assistance dollars can be spent at the local level.¹¹

⁶ (Dan Blaustein Rejto, "SNAP Update: Redemptions at Farmers Markets Continue to Increase," Farmers Market Coalition, May 21, 2015)

⁷ (Blaustein Rejto, 2015)

⁸ (Jill Westfall, "Market Bucks Now Accepted at Indoor Winter Markets," Hunger Solutions MN, January 15, 2016)

⁹ (Jordan Tucker, "Farmers' Market in Low-Income Communities: Strategies & Best Practices," *Healthy Food Access*, 2013)

¹⁰ Ibid.

¹¹ ("Overview of Food Assistance Programs," 2012)

Benefits of SNAP at Farmers' Markets

1. Increases customer base for the market
2. Increases sales of eligible items for the vendors
3. Increases vendors' bottom line
4. Increases market sales overall for vendors by accessing credit and debit sales with the same technology as EBT payments
5. Incentivizes farm growth and diversification of crops for vendors¹²
6. Increases access to fresh produce and other foods for SNAP participants in those communities without a supermarket but with a local farmers' market

Setting Up to Accept SNAP Benefits at Your Farmers' Market¹³

Reading publications by the USDA are part of the first steps in understanding the process of becoming a SNAP retailer:

[Supplemental Nutrition Assistance Program \(SNAP\) at the Farmers' Market: A How-To Handbook](https://www.ams.usda.gov/sites/default/files/media/SNAPat%20Farmers%20Markets%20Handbook.pdf)
(<https://www.ams.usda.gov/sites/default/files/media/SNAPat%20Farmers%20Markets%20Handbook.pdf>)

[Supplemental Nutrition Assistance Program \(SNAP\) Information for Retailers](http://www.fns.usda.gov/snap/retailers)
(<http://www.fns.usda.gov/snap/retailers>)

A farmers' market may decide to apply for authorization to accept SNAP benefits as a single retailer; on the other hand, each vendor individually may wish to become authorized. There are pros and cons with each scenario. In the first case, when a market becomes authorized as a whole, only one centralized area and piece of equipment will be needed. However, the authorization to accept SNAP benefits stays with that market; that is, vendors who sell at other markets that do not accept SNAP benefits will not be able to accept them at those other locations. The drawback for a farmers' market includes the cost for the equipment, the merchant service account and the hiring of personnel that needs be present at every market day to carry out the transactions for its vendors.

When vendors become individually authorized, they are able to accept benefits wherever they sell, may carry out transactions with their iPhones or iPads (new in 2014), and can keep detailed records of all their transactions. A vendor, however, absorbs all the costs associated with accepting SNAP benefits, including the costs of the equipment and merchant service accounts. However, the potential for increased sales may make this route more attractive to vendors, especially if the market as a whole decides not to become SNAP authorized.

The information contained in the following pages refers to farmers' markets accepting SNAP benefits as an entity. Refer to the USDA web site if individual vendors wish to become authorized.

Setting up to accept SNAP benefits at your farmers' market includes the following steps:

1. The first step in the process is assessing if your farmers' market sells eligible food products and meets one of the USDA's two criteria:
 - Criterion A – Offer at least three of the following four staple food groups, with perishable foods in at least two categories, on a daily basis: Fruits and Vegetables (includes plants and seeds for growing fruits or vegetables); Breads and Grains; Dairy; and Meat, Poultry, and Fish.*¹⁴
 - Criterion B - have at least 50% of total gross farmers' market retail sales in eligible staple food items (e.g. bread, flour, fruits, vegetables, beef, chicken, fish, etc.).*¹⁵
2. Next, a farmers' market applies for a FNS SNAP retailer license on behalf of its participating vendors by applying for a [USDA account online](https://identitymanager.eems.usda.gov/registration/selfRegistrationForm.aspx?level=1) (<https://identitymanager.eems.usda.gov/registration/selfRegistrationForm.aspx?level=1>). You will need to provide a valid email address and the social security number of the responsible party (market manager, president of the board, city official). The USDA will then send a confirmation

¹² (Tucker, 2013)

¹³ ("How to Implement SNAP and EBT into Your Farmers' Market," Minnesota Department of Agriculture (MDA), September 30, 2010)

¹⁴ ("How to Implement SNAP," 2010)

¹⁵ ("SNAP at Farmers Markets," 2010)

email with instructions on how to activate your account. If you do not have internet access, call this toll-free hotline: (877) 823-4369.

3. After your account is activated, return to the USDA web page to continue.
4. Be prepared to determine which scrip system will be used: paper scrip, wood tokens, or receipts. See the “How SNAP Redemptions Work at the Farmers’ Market” section below for more details.
5. Agree to comply with the FNS guidelines by signing and submitting the application.
6. After your application is complete and reviewed (it may take up to 45 days), your market will be given a Federal Nutrition Services (FNS) number that authorizes your market to accept SNAP benefits. *This number is not transferable to another market location or a different owner/manager.*
7. FNS will notify the Minnesota DHS, who will then contact the farmers’ market to set up equipment needed.
8. Decide which transaction device your market will use. There are several options depending on whether your market will accept EBT-only transactions or add debit and credit to the mix:
 - a. **EBT-only** - terminals are free and supplied by FNS. As the name suggests, these can be used to process EBT transactions only. These do require electrical and phone hook-ups, both generally unavailable at farmers’ markets. However, FNS covers the charges for the equipment and transaction fees. Funds are deposited directly into the farmers’ market bank account.
 - b. **EBT(wireless) or EBT + credit and debit** - a market wishing to use a wireless EBT Point Of Sale (POS) terminal or use a terminal capable of accepting credit and debit transactions will need to contract with a merchant service provider, also known as a Third Party Processor (TPP), and lease or purchase one of the following equipment options:
 - i. **Point of sale (POS)** terminals for carrying out all three transactions (EBT, credit and debit); these can be pricey, some costing up to \$1,000. Check with several merchant service providers and choose the terminal make and model that works with more than one. Merchant service providers, such as [BanCard Services](#) or [Elavon](#), often do not have the capability to work with different makes of POS equipment. Therefore, it might be beneficial to purchase a POS terminal that several merchant service providers are able to work with.
 - ii. **Laptops** present another option for accepting SNAP benefits. The laptop will need at least two USB ports to allow connections for a pin pad and a card reader. In addition, you will need to purchase software that makes your computer capable of accepting credit/debit and EBT transactions. This technology works with Windows 7 and 8 and is not available for Apple computers as of 2013.
 - iii. A third option, new in 2014, is using a **mobile device** such as an iPhone or an iPad. Mobile Market+, from [Novo Dia Group](#), not only allows transactions with credit, debit and most benefits cards, but it also makes tracking transactions and reporting easy to do by tracking benefit dollars each vendor accepts on the spot.
9. After deciding on the equipment, set up a merchant account with a service provider, your TPP. DHS will be able to assist you in choosing a provider. Your local bank may be able to help you with choosing a merchant service provider as well. Keep in mind that banks have established relationships with certain providers and might steer you toward their own whether it makes sense for your market or not. On the other hand, a local bank may be able to donate all or part of the set-up fees if your market chooses their affiliated service provider. Some banks will also provide free help in running the program at your market.
10. Research the fees associated with setting up and maintaining a merchant account. These can be steep. Read the fine print and ask about termination costs, seasonal plans, etc. The following is an example of the charges associated with opening an account with MerchantSource (2015 prices):

Contract type	Month-to-month
Seasonal activation fee	\$49.95
Monthly transaction minimum	\$25
Monthly service fee	\$10
Wireless service fee	\$18.95
EBT transaction fee	\$0.15/swipe
Credit/Debit card transaction fee	\$0.20 + 1.59%/swipe
Wireless transaction fee	\$0.10/swipe
Equipment replacement	2 free terminal swap-outs

Contract type	Month-to-month
Warranty	1 year free
Ineligible; POS machine price	\$895
Ineligible; rental fees	\$48 + \$35 service fees/mo.

11. Decide if the market will cover transaction costs, if vendor fees will or if you will charge customers a flat rate transaction fee. You may not charge EBT customers any transaction fees.
12. Train at least two people on the use of whatever system you choose. Have a 'cheat sheet' with the steps for every type of transaction and a phone number for your merchant provider's customer service.
13. Implement an alternate form of currency or scrip¹⁶ (paper scrip or tokens are the most common, but paper receipts can be used as well). Using scrip currency allows multiple vendors at a farmers' market to accept SNAP benefits without having to obtain individual SNAP licenses and Point of Sale (POS) terminals for each vendor. Instead, the farmers' market gets one SNAP license and one form of currency for the program. Paper scrip or tokens can also be used to accept bank-issued credit and debit cards when there is a single POS terminal in use. There is no expiration date on using the chosen currency; however, it is market specific.
14. Completing a transaction is simple: customers visit the central market location where the POS terminal is located. They ask to charge a certain amount with their EBT, credit or debit card. Depending on the card, but especially with EBT cards, customers will be asked to enter a Personal Identification Number (PIN) on the POS device or pin pad associated with a laptop. In order to distinguish funds for purchases originating from credit/debit vs. SNAP, customers will be given different-colored tokens. Vendors process this currency the same way with the exception of not being able to give change for EBT-specific currency.
15. Train vendors and market staff to help customers identify SNAP-eligible items at the farmers' market. Many markets have vendors sign legal agreements that they will comply with SNAP rules.
16. For a list of eligible items click here: <http://www.fns.usda.gov/snap/eligible-food-items>.

How SNAP Benefit Redemptions Work at the Farmers' Market:

Option 1 - using paper scrip or tokens

1. A SNAP customer swipes the EBT card at the central POS terminal and enters the PIN
2. Market staff enters the requested amount in scrip or tokens into the terminal.
3. Once the transaction is approved, the customer is given a receipt and the number of scrip or tokens requested.
4. The customer then uses the scrip or tokens at any participating vendor to purchase eligible items.¹⁷

Option 2 - receipts

1. A SNAP customer selects items from a vendor who gives the customer a paper receipt. The vendor keeps the merchandise until the customer has debited his or her card at the market booth for the amount of the receipt.
2. Upon approval, another receipt is generated that confirms payment. The customer then goes back to the original vendor to submit the EBT receipt and pick up the merchandise.

Option 3 - manual vouchers

1. This method is not recommended. If there is no POS terminal or if the equipment is malfunctioning, a transaction may be called into the merchant's EBT customer service number. The transaction is then approved over the phone. In the case of a terminal malfunction, the market needs to complete, and have the customer sign, a paper voucher for the amount of the debit. These paper receipts can be found at an office supplies store.

Making SNAP Work at Farmers' Markets

Farmers' markets should plan on raising several hundred (or more) dollars every year to offer SNAP at their markets. But doing so may help keep federal dollars in the local economy, benefiting your vendors and SNAP participants alike.

¹⁶ ("Scrip," <http://www.thefreedictionary.com/scrip>, 2013)

¹⁷ ("SNAP at Farmers Markets," 2010)

The Project for Public Spaces, Inc, published a comprehensive guide on the seven steps to implementing and keeping a SNAP program at your farmers' market: http://www.pps.org/pdf/SNAP_EBT_Book.pdf

1. Asses your market's capacity and commitment (staff and volunteer dedication to running terminal and accounting associated with accepting benefits)
2. Know your customer base
3. Create a funding strategy
4. Market and promote SNAP
5. Create partnerships, especially with your county SNAP office/administration
6. Consider implementing incentive programs
7. Set up a SNAP redemption system (POS, laptop, mobile, EBT-only)¹⁸

Advertising and getting the word out that your market accepts SNAP benefits is an ongoing task. SNAP benefit recipients are a fluid group, changing status and location more often than other customers. Budget to spend significant time and funds reaching these customers.

Challenges for the Future of SNAP at Farmers' Markets

Measuring the success of a SNAP program at your farmers' market may take different forms. For some, improving the equality of access to the many benefits a farmers' market provides is enough.¹⁹ For others, welcoming just a few SNAP customers that never set foot at the market before is success; and still for others, seeing a sizeable increase in the number of SNAP customers fits their definition of success. Whatever your measure of success, plan on evaluating the program after each season. Pay particular attention to the cost of implementing and maintaining the program as this figure will vary market to market. Keeping the program for at least three years might give you a better idea of the impact in your area; data collected over longer periods of time will provide more accurate picture of what the benefits truly are. The difficulty in evaluating this program, though, is in the fact that SNAP customers change more frequently than other customer groups. This changing population makes reaching them a challenge and keeping these customers for life makes little sense.

Other challenges include:

1. Cost to set up, purchase the POS machine and the merchant account is high
2. Education for managers and vendors
3. Need to have trained staff present at all times the market is open
4. Time needed to keep track of sales
5. Effective means of advertising, targeting the right audience
6. Reluctance of vendors to become individual SNAP retailers or to accept SNAP benefits altogether
7. Finding the funds to make the program sustainable
8. Connecting with an ever-changing group of SNAP customers and encouraging them to shop at the farmers' market²⁰

Legal considerations/USDA Waiver

The USDA Food and Nutrition Service used to request that any program operating an incentive program – *i.e.*, a program that provides special treatment specifically for SNAP benefits recipients – register their program and obtain a waiver from the local FNS office. This waiver is not needed any longer.²¹

Administrative Costs and Issues

Whether your market participates in accepting SNAP benefits as a result of an agency grant or on its own, such participation requires collecting the following information: the number of vendors accepting EBT/SNAP, the number of EBT tokens issues, the number of EBT tokens redeemed, and – if participating in an incentive program (Market Bucks) – the number of incentives issued and redeemed. Usually, grantors require a market to submit monthly reports with all of this information as part of the grant reporting requirements. Markets that set up this service on their own will need to keep their own records.

¹⁸ (Nora Owens and Kelly Verel, "SNAP/EBT at Your Farmers Market: Seven Steps to Success," July 2010)

¹⁹ (David Nicholson, "Review," 2013)

²⁰ (Jesse Davis, "Survey Responses, EBT at Your Farmers' Market," 2013)

²¹ (Elaine Prause, "A Toolkit Guide to Launching and Sustaining a SNAP Benefits Matching Program at Your Farmers' Market," 2010)

Markets should have a written policy that states the payment expectations of vendors participating in a scrip program. It should state how often they'll be reimbursed and if there's a minimum dollar amount for reimbursement.

Farmers Markets Requirements Concerning IRS 6050W

When the USDA began the SNAP EBT system at farmers' markets, the IRS got involved because entities that use credit card services have certain tax responsibilities. This was a concern for farmers' markets with SNAP, because farmers' markets themselves were basically just a pass-through for the money. The Farmers' Market Coalition (of which MFMA is a member) and a few eastern States farmers' markets groups, worked with the IRS to get a final ruling to see if farmers' market would have to pay taxes on the card transactions.

In 2011, the IRS published "Information Reporting Requirements Payments Made in Settlement of Payment Cards and Third Party Network Transactions" (6050W for short).

A central payor in a farmers' market scenario may have an obligation to issue information reports (via a 1099-K) documenting payments made to market stall merchants if their relationship meets the definition of a third party network and if the number and amount of the transactions exceeds certain thresholds.

A third party network is any arrangement which involves the establishment of accounts with a central organization by a substantial number of persons (50 or more, according to the legislative history). Third party network arrangements, in a farmers' market context, may include scrip currency programs. In such arrangements, customers use electronic payment to receive approved scrip from a central payor (the farmers' market), which is then exchanged for goods with individual market stall-holders, who are reimbursed by the central payor (the farmers' market).

Third party network transactions are reportable only if total annual transactions with respect to a particular payee exceed \$20,000 and 200 in number.

Thus, small farmers' markets (those with 50 or fewer stall merchants) are not subject to 6050W because they are not third party networks. Larger farmers' markets that constitute third party networks are subject to 6050W only to the extent that payments to a particular stall merchant involve more than 200 transactions and exceed \$20,000. (*Note: "transactions" refers to the exchange of scrip between farmer and farmers market, not between customer and farmer.*)

Documentation for Small Farmers' Market 6050W Exemption

A central payor is responsible for keeping books and records to substantiate that he/she is exempt from 6050W information reporting as a third party network. The primary reasons a small farmers' market would be outside the scope of 6050W would be because

- (1) there are not a "substantial number" of farmers (fewer than 50) to whom a central payor is making payments,
- (2) payments to any given farmer in the market by such a central payor do not exceed \$20,000 in a calendar year or
- (3) transactions by any given farmer (in which the farmer exchanges redeemed scrip for cash by the central payor) do not exceed 200 in a calendar year. Depending on the sophistication of the central payor (farmers' market), much of this information is already being kept. Information about the number of vendors to which the central payor makes payment, the number of transactions with each vendor, and the total amount paid out are all relevant items for documentation. This information should be collected and maintained for each calendar year beginning January 1, 2011. For more specific legal and taxation advice, farmers markets should seek services of a qualified tax professional.

More information about Internal Revenue Code section 6050W can be found on the IRS web site. Third party networks subject to full reporting requirements under 6050W can preview form 1099-K:

<http://www.irs.gov/pub/irs-pdf/f1099k.pdf>

You can also watch a recording of FMC's October 10, 2011 webinar about 6050W and farmers markets, with helpful strategies for documentation here:²²

²² (Stacy Miller, "Finally!: Update on IRS Electronic Payment Reporting Requirements!" *Farmers Market Forum*, Farmers' Market Federation of New York, 2011)

<http://farmersmarketcoalition.org/resource/6050w-and-farmers-markets-electronic-payment-reporting-requirements/>

The above section was taken from the Farmers Market Coalition web site.²³

<http://farmersmarketcoalition.org/finally-update-on-irs-electronic-payment-reporting-requirements/>

²³ (Miller, "Finally!" 2011)

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APPENDICIES

Appendix A – WIC Offices in Minnesota Authorized to Distribute FMNP Vouchers²⁴

Anoka County Health & Environmental Services 2100 3 rd Ave Suite 600 Anoka, MN 55303-5041	Hennepin County Human Services and Public Health Government Center 300 S 6 th St, MC 963 Minneapolis, MN 55487
Beltrami County Health & Human Services 616 American Ave NW Bemidji, MN 56601	Olmstead County Public Health WIC Program 2100 Campus Dr SE Suite 100 Rochester, MN 55904
Bloomington Public Health (City of Bloomington) 1900 W Old Shakopee Rd Bloomington, MN 55431	Rice County Public Health Nursing Services – WIC Program Government Services Building 320 3 rd St NW, Suite 1 Faribault, MN 55021-5194
Blue Earth County Community Health Services 410 S 5 th St, PO Box 3526 Mankato, MN 56002	Saint Paul-Ramsey County Public Health – WIC 555 Cedar St Saint Paul, MN 55101
Dakota County Public Health Department 14955 Galaxie Ave Apple Valley, MN 55124	Washington County Department of Public Health and Environment 14949 62 nd St N Stillwater, MN 55082
Freeborn County 411 S Broadway PO Box 1147 Albert Lea, MN 56007-1147	Watsonwan County Human Services 715 2 nd Ave S Saint James, MN 56081

Appendix B – USDA SNAP-Authorized Farmers' Markets in Minnesota

The USDA updates the list of SNAP-authorized farmers' markets in Minnesota the first week of every month. To download the most current version, go to:

<http://www.fns.usda.gov/ebt/snap-and-farmers-markets>

²⁴ (Ashley Bress, E-mail conversation, February 25, 2016; “Minnesota WIC Local Agency Directory,” Minnesota Department of Health, 2015)



Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 10

Obtaining Financial Resources for Your Farmers' Market

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets
across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota
farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

Chapter 10

Obtaining Financial Resources for Your Farmers' Market

A start-up budget for a farmers' market consists of everything you need for your first year's total budget. Examples include signs, banners, promotional items, liability insurance for the market, rent, entertainment, supplies, market manager's salary, and utility costs.¹

Subsequent years' operating budgets require less capital than a start-up budget. They consist of the yearly costs associated with operating a market. Typically, these are paid for by using the market's income from vendors' fees and dues.²

How much money is needed for a market's start-up budget? Terry Nennich, a Minnesota Extension Educator, has found through his experience of starting new markets that it costs roughly \$300-400 per vendor to get a market off to a positive start. These costs do not include a paid market manager.³

Although grants are tempting because they represent the potential for fairly large sums of money in a single chunk, keep in mind the professional fundraising maxim: individuals give 80% of charitable contributions compared with the 20% that foundations and corporations offer. In other words, over time, it is the individuals who believe in your mission who will sustain you – outgiving foundations four to one.⁴

PREPARING FOR THE ASK

Getting ready to ask for funding, whether from local organizations or through a formal grant process, requires your market have certain documents ready. Taking the time to collect these is well worth the effort:

Grantors like to see a farmers' market profile with the following included:

1. The **organization's history**. Draft this document when you organize your farmers' market. It will be useful if you decide to apply for a grant and it will also help those new to the organization know the background of the organization they have joined. Additionally, leaving a written record of your farmers' market's beginnings will aid the next person taking over in understanding your vision
2. A **mission statement**
3. Your **market's goals**, an expansion of the mission statement, particularly if you are asking for funds for a specific project
4. **Long-term and short-term projects**
5. **Collaboration** with other markets or organizations with similar missions. This statement highlights the way your farmers' market relates or collaborates with other markets in the area or with other businesses or non-profits. Is there a cooperative or consortium of farmers' markets? Do you work well with other non-profits or units of government and how? Does your farmers' market donate food to the food shelf, a shelter, etc.? Does your farmers' market collaborate with other markets in bringing EBT to the area? Do you allow other non-profits to set up at your market? There is always more need for grant support than there are resources. Funders like to see interaction and collaboration among similar organizations and may also identify where service or opportunity gaps exist, and prioritize investment in these areas. Even when multiple organizations are serving the same geography or community, a funder may be interested in your application if you can show how your work "adds value" to the work of others.⁵ Really effective organizations are often great collaborators. This demonstrates that your organization knows how to best leverage your efforts and that of others for the greater good.⁶

¹ (Terry Nennich, 2006), Section 7

² (Nennich, 2006)

³ (Nennich, 2006)

⁴ (marketumbrella.org, Organizational Details: Funding, 2013)

⁵ (Hickman, 2013)

⁶ (Tricia, 2013)

6. Updated list of **Board members**, how long they have served in that position and what background they bring to the organization.⁷

Tiers of Funding

When identifying sources of market support, the following categories will help identify those sources most likely to sustain your farmers' market organization.

First tier: Creating Partnerships with the Community

Part of the job of establishing a farmers' market in a community requires attention to building partnerships with other entities that offer similar or additional resources such as:

- Education: food nutrition, cooking, gardening
- Local food systems: food hubs for local initiatives
- Tourism: agriculture, events, downtown promotions
- Health and wellness: initiatives, food rescue

Other sources included in this first tier funding include:

- Vendor fees, stall fees, daily fees, percentage-based fees (see Chapter 6, Finances), membership dues
- Advertising fees paid by local businesses to support the market and have their logo in your publication
- Grants from your city's Economic Development Authority
- Grants from your county's Economic Development Authority
- Funds from your City Council, County Commissioners, or other government entities that might welcome a new venture in their city, county or township
- Funds from a parks commission, a park and recreation department or similar entity
- In-kind donations: city offering free use of a public space, office supplies and systems, coffee from local shops, any items you wish to sell at the market
- Americorps volunteer or college student to do some volunteer work
- Corporate sponsors: for example, a tent manufacturer gives tents for free in exchange for their logo at your market
- Charitable Donations
 - Set up a PayPal Donation Link on your web site: https://www.paypal.com/cgi-bin/webscr?cmd=_donate-intro-outside. Some features include:
 - Low transaction fees
 - Donors do not need PayPal accounts
 - Give to the Max Day:
 - Minnesota-based nonprofit organizations and registered public schools listed on GiveMN's website are eligible to receive donations: <https://givemn.org/>
- Donations jar at the market
- Fundraising dinners or other activities centered on food and farming
- Friends of the Market campaigns: offer market-related gifts in exchange for a donation⁸
- Funding from hospitals and clinics that usually set aside funds to help community efforts: <http://farmersmarketcoalition.org/ensure-that-hospitals-invest-in-your-local-food-system/>

Second tier

- Fund-raising at the market: donations from vendors, sale of market-related items
- In-kind donations of time and talent from local banks, chambers of commerce, faith communities, other charities, local hardware and equipment stores, medical centers, youth organizations, Master Gardener's associations, legislators, fair boards, garden centers, news

⁷ (Johnson, 2011), pg. 22

⁸ (marketumbrella.org, Organizational Details: Funding, 2013)

media, private citizens, senior citizen groups, service organizations, and universities.⁹ This will also vary by funder, but can be a significant opportunity to document local support. As an example, if the local paper or radio provides advertising at a reduced rate or as a donation this has tangible value which you can document. If a contractor helps construct farm stands, tents, or assists with post market clean-up, this is another set of services for which the market value is fairly easy to document.¹⁰

- Anything donated that is not cash: space, sound system, the use of the bouncy house, cardboard for signage, etc.
- Professional services that are not compensated. Volunteer hours are generally not considered in-kind unless they are offered as something that would normally be compensated, like an accountant who does the books free of charge.¹¹
- St. Croix Valley Area Foundation supports local efforts in areas along the St Croix River. From their website, you can branch off: <http://www.scvfoundation.org/>
- Your local Lions Club
- Your local Rotary Club

Third tier

- Fund-raising picnics, dinners, bake sales, and similar events
- Sponsorships from local business and organizations:
 - Reach out to your community; many people are willing to give their time, money, and services to a farmers' market. However, because organizations that are unfamiliar with the benefits of farmers' markets may be reluctant to support an area market, provide them with statistics and anecdotal evidence showing the benefits of farmers' markets.
 - Sponsorships are gifts, mostly from local businesses and organizations that are requested for specific purposes.¹²
- Online donations via such sites as "Kickstarter:" www.kickstarter.com
- Grant applications to government agencies (Minnesota Department of Agriculture, United States Department of Agriculture) and non-government foundations (Initiative Foundation, AgStar Foundation)
 1. Government Agencies:
 - a. The USDA web site lists several funding resources for food systems: [http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF GRANTS](http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANTS)
 - b. Funding Opportunities for Direct-to-Consumer Marketing and Local Foods¹³
 - i. FSMIP: Federal-State Marketing Improvement Program
 - ii. Specialty Crop Block Grant Program (find your State Department of Agriculture at : www.ams.usda.gov/SCBGP)
 - iii. Rural Development:
 1. Business Program Loans and Grants www.rurdev.usda.gov/BCP-LoanAndGrants.html
 2. Community Facility Direct Loans and Grants www.rurdev.usda.gov/rd/pubs/pa1747.pdf
 3. Cooperative Program Grants and Assistance www.rurdev.usda.gov/cphome.html
 4. Partners in Value: Value-added producer grants: building a stronger rural economy through value-added business www.rurdev.usda.gov/rd/pubs/PA-1810.pdj
 5. Beginning Farmers and Rancher Development Program <http://www.csrees.usda.gov/fo/beginningfarmersandrancher.cFarmers' market>
 6. Community Food Projects <http://www.nifa.usda.gov/fo/communityfoodprojects.cFarmers' market>

⁹ (Judge, 2003)

¹⁰ (Hickman, 2013)

¹¹ (Schaffhausen, 2013)

¹² (Johnson, 2011)

¹³ (Funding Opportunities for Direct-to-Consumer Marketing & Local Foods, 2011)

7. Sustainable Agriculture Research and Education
<http://www.sare.org/Grants/Appy-for-a-Grant>
 8. Food and Nutrition Service www.fns.usda.gov/fns/grants.htm
 9. Natural Resource and Conservation Service www.nrcs.gov/programs
 - a. Risk Management Agency
www.rma.usda.gov/aboutrma/agreements
 - c. The Agricultural Marketing Service of the USDA offers grants targeted to Farmers' markets from time to time. Check their web site often for an updated list of grant opportunities: <http://www.ams.usda.gov/AMSV1.0/FARMERS' MARKETPP>
 - d. The Farmers' Market Promotion Program (FMPP) offers grants to help improve and expand domestic Farmers' markets, roadside stands, community-supported agriculture programs, agro-tourism activities, and other direct producer-to-consumer market opportunities.¹⁴
 - i. Examples of projects funded through the FMPP: MFMA's 2015-2016 "Building Sustainable Minnesota Farmers' Markets."
 - ii. FARMERS' MARKETPPQuestions@ams.usda.gov, (202) 720-0093
 - e. Know Your Farmer, Know Your Food
(<http://www.usda.gov/wps/portal/usda/usdahome?navid=KNOWYOURFARMER>) helps communities scale up local and regional food systems and strengthen their economies by helping them navigate USDA's offerings. They want to simplify the process and help communities put USDA programs to work for them, so we're playing matchmaker. Their web page lists over two dozen programs at USDA that can help build local and regional food systems.¹⁵
 - f. **www.Grants.gov**
2. Non-Government Agencies:
- a. Initiative Foundation: www.ifound.org
 - b. The Minnesota Council on Foundations (<http://www.mcf.org/grant-deadlines>) lists the names of potential sponsors and the deadlines for submitting applications.
 - c. Minnesota Grantmakers Online is a paid subscription service to a large database of potential sponsors. This is where city-sponsored markets will benefit in that the cost can be either shared or absorbed by the city for its own use. Visit: <http://mgomcf.org/learn-more.aspx>
 - i. Free access at these locations for non-profits
 1. Central Minnesota Community Foundation in St. Cloud (320.257.9732)
 2. Duluth Public Library (218.730.4200)
 3. Hennepin County Library, Minneapolis Central Library (612.543.8000)
 4. Rochester Public Library (507.328.2300)
 5. St. Paul Public Library (651.266.7000)
 6. Taylor Library in North Mankato (507.345.5120)
 - d. Foundation Center, Foundation Finder: <http://Inp.fdncenter.org/finder.html>
3. Other sources of grant information:
- a. Search the Minnesota Council on Foundations web site for a list of grantors and deadlines for submitting applications. Read their mission statements and figure out if theirs aligns with yours.
 - b. Use Minnesota Council on Foundations' Minnesota Grantmakers Online subscription database and other directories listing foundations' interests and processes.
 - c. Visit a Foundation Center Collection Library in Minneapolis, St. Paul, Fargo, Duluth, Rochester or Marshall-SW State.
 - d. For a list of grantors that accept the Minnesota Common Grant Application Form, or to download the Form, visit: www.mcf.org/mcf/grant/applicat.htm
 - e. Call, write or check the website of each grantor to obtain a copy of their funding guidelines.

¹⁴ (Farmers Market Promotion Program, 2013), web site

¹⁵ (Know Your Farmer, Know Your Food: Grants, Loans and Support, 2013), web site

- f. Search the web sites of similar organizations. Who are their sponsors? Contact them and talk with them about your project. Grantors like to hear a personal appeal rather than receiving an impersonal application. Network and create varied relationships.

Talking With Potential Grantors

Grantor organization managers are extremely helpful; they enjoy talking with potential grantees. Call each one and talk at length with them. Whether your application gets accepted or rejected, call the grantor and ask to see the reviewer's notes. Once you start the research, you will be amazed at the cascade of information that will ensue. You just need to start!¹⁶

Finding a granting source requires researching opportunities and talking to the funders directly. Present proposal briefly and ask about potential matching funds. Never change the operation to match the funding. Find funding to match the operation.¹⁷

Take to the time to read about and talk to the funders that might be a potential fit. If your organization isn't the right fit for a funder, ask if they have any other funding source recommendations.¹⁸ Make sure your project and the sponsor's mission and goals match. You risk your reputation with the funder if you waste their time.¹⁹

After your initial contact with a potential grantor, you will get a general idea of their interest in your project. If the funder is willing to answer questions, contact them. Time spent discussing funder priorities, your project ideas, and questions will only strengthen your application.²⁰

Many grantors have specific guidelines, priorities, or even restrictions to how funds are used, including who is served by the project.²¹

Government vs. Private Foundations as Grantors

Funding for your farmers' market will either come from private or government sources or both. Each of these sources will have specific funding guidelines that might preclude a donation to an organization that is not a nonprofit. Generally, private foundations fund projects by nonprofits or municipalities only whereas government funding may be available for for-profit entities as well. Government grants usually require extensive application processes, significant wait times and reporting requirements; private foundations can usually respond to a request fairly quickly and do not have the reporting requirements that government grants do.²² In addition, some government grants may have requirements that if funds are given for new work projects that equal opportunity for vendor contracts must be offered. These grants also tend to be very convoluted but certainly not impossible to apply for and comply with.²³

Items That are Rarely Funded

- Grants, loans, or reimbursements to individuals and businesses
- Expenses incurred prior to the receipt of a grant award
- Capital expenses (e.g., buildings, equipment, signs, vehicles, etc.)
- Replacement of government funding
- Religious activities
- Lobbying or campaigning for a candidate, issue or referendum vote
- Development or purchase of school curriculum or support for school athletic programs²⁴

¹⁶ (Schaffhausen, 2013)

¹⁷ (Schaffhausen, 2013)

¹⁸ (Tricia, 2013)

¹⁹ (Overview of the Grant Seeking Process, 2012), web page

²⁰ (Hickman, 2013)

²¹ (Hickman, 2013)

²² (Hickman, 2013)

²³ (Schaffhausen, 2013)

²⁴ (Hickman, 2013)

Project vs. Operations Grants

Projects and general operations are two different kinds of activities. Generally, finding grants for the general operation of a farmers' market is extremely if not impossibly difficult to identify. It is important to correctly identify items that fall under each of these headings before applying for grants or setting up your farmers' market's yearly budget. Grant request to bring musicians, for example, would only include the specific expenses that activity requires. Requesting funding to provide tables or tents for your other vendors would not be included in this granting request. Operation expenses are the annual recurring costs of running your market; it is generally up to the discretion of the grantors to fulfill those budget needs.²⁵ For a list of funding and partnership opportunities, refer to the following feasibility study conducted for the Grand Rapids Farmers' Market in Michigan (pages 11 and 12):

http://media.mlive.com/businessreview/western_impact/other/market-report.pdf

You found your source, now you need to write a proposal that will get noticed. There is a lot of help in the form of publications, e-books, and webinars to help you in every step of the way. Some resources include the following:

1. GrantStation offers online education through webinars, some free others not:
<https://www.grantstation.com/Programs/WebinarOrder/Webinars.aspx>
2. Check the Minnesota Council on Foundations' common grant application form to get an idea of what you will need in order to put together a great application. "Minnesota grant-makers developed this form to make the grant-seeking process simpler and more efficient for nonprofits".²⁶
3. "Grant Writing 101" by Victoria Johnson.²⁷
4. "Developing Competitive Proposals" from the Grants Resource Center.²⁸

Things to keep in mind when putting your proposal together:

1. To make your proposal stand out from the rest clearly address the questions asked on the application form, clearly address the questions and/or suggestions offered by the funder during your discussions, meet the deadlines, and proofread, proofread, proofread.²⁹
2. Most great projects are successful due to a small number of passionate and persistent people, but community support is a vital asset, and helps convince a funder that your project is more likely to succeed. The most tangible support is financial – either commitment of funds or in-kind support such as mentioned above. Letters of support can help, particularly if they address some of the questions you've previously raised (regarding how your project contributes to other social values or benefits, what resources the writer is willing to commit to advance your success, and how you work with the author/organization to add value).³⁰
3. The value to the community is a strong factor in this kind of operation. It should be well-demonstrated in the language of the grant. Letters of support are very valuable.³¹
4. Who is your immediate competition? Can you differentiate your work and its impact to make funding yours attractive? Are there any collaborative opportunities to maximize \$\$ and funder exposure (if that is their objective)?³²
5. Longevity of operation is a great factor in funding of your operation as well as how many times have you run a successful enterprise and experience with the business for which funding is requested. Board experience is a must. Grass-roots organizations have just as much a chance at several funding opportunities but are helped by professional oversight.³³

²⁵ (Schaffhausen, 2013)

²⁶ (MN Common Grant Application Form, 2000)

²⁷ (Johnson, 2011)

²⁸ (Center, 2009)

²⁹ (Tricia, 2013)

³⁰ (Hickman, 2013)

³¹ (Schaffhausen, 2013)

³² (Schaffhausen, 2013)

³³ (Schaffhausen, 2013)

Common Grant Application Mistakes

1. Being unfamiliar with grant guidelines, service areas or “ineligible expenses”^{34,35}
2. Missing an application deadline (deadlines are not flexible)
3. Waiting until the last minute to ask clarification or help from a grantor³⁶
4. Asking for fund to cover expenses incurred prior to signing a grant agreement³⁷
5. Not filling out the most up to date application and materials before submitting a proposal³⁸
6. Not answering the questions as asked
7. Vague answers
8. Applying for funds that don't match your mission³⁹

Applications are received often for three to four times the amount of funds available. If your application is denied funding, it may not be because the grantors did not like your project; reapply during the next grant cycle. Ask grantors for any advice to make your project stronger or suggest alternative funders.⁴⁰

Strategies for Successful Grant-seeking

- Do your research to determine whether the foundations' and corporations' goals and objectives for grant-making are consistent with your type of grant request.
- After you do the research, find out the preferred method of contact for the grant-maker, and contact the grant-maker to secure their specific grant-making guidelines. Many grant-makers generally like to have initial contact with you before receiving a written proposal
- Include a cover letter with each proposal that introduces your organization and your proposal, and makes a strategic link between your proposal and the funder's mission and grant-making interests
- Type and single-space all proposals
- Answer all the questions in the order listed
- Submit the number of copies each grant-maker requests according to their guidelines
- Do not include any materials other than those specifically requested at this time⁴¹
- State your goals and objectives:
 - Limit them to two or three measurable goals that can be evaluated. Do not promise the moon.
 - Have a very clear idea of who will perform the duties of the grant and what the time frame will be
 - What's the difference?
 - Purpose is altogether different and has to do with mission. A goal is what you will do and the objective (also called outcome) is what will result from meeting a successful goal. For example: A goal is to have an attendance of 1,000 different people over the three months of operation. An objective/outcome is that the community will reach a greater awareness of the offerings at the market. This then feeds back into purpose, which is the fulfillment of the mission of the organization.⁴²
- Tell an interesting story. Track impact carefully. Answer questions as asked, clearly and concisely. Goals match scope of request and organization has the capability of carrying it out.
- Clarity of intention. Clarity of communication. Finding the right match of programs to funding.⁴³

Project Budget Considerations

The requested grant amount must fit with the size of the organization. Grantors can assess the possible success or failure of a project based on the organization's budget submitted with the application. Grant amounts are offered that will not be insignificant or overwhelm the organization. The organizational

³⁴ (Schaffhausen, 2013)

³⁵ (Hickman, 2013)

³⁶ (Hickman, 2013)

³⁷ (Hickman, 2013)

³⁸ (Tricia, 2013)

³⁹ (Schaffhausen, 2013)

⁴⁰ (Hickman, 2013)

⁴¹ (MN Common Grant Application Form, 2000)

⁴² (Schaffhausen, 2013)

⁴³ (Schaffhausen, 2013)

budget will also reveal whether the applicant has the resources and capacity to implement the project and will identify other entities committed to ensuring the success of the project. The grantor may also help the organization identify unrealistic or overly optimistic budget forecasts.⁴⁴

Operating expenses need to be realistic, appropriate and well-managed. Size of budget is only an indicator of size of operation and different funders will not consider smaller budget operations. Many will look for years of operating success within budget. They are looking for responsible use of funds to mission goals.⁴⁵ Provide an assessment of how funds were used and how they contributed to the stated goals. Many grantors will have their own evaluation criteria to respond to.⁴⁶

Evaluation at the End of the Grant Period

Funding organizations require an evaluation at the end of the grant period. This evaluation helps the grantors gauge future project acceptance or denials. Every grant recipient needs to take the time to fill out the requested evaluation forms at the end of the grant period.

Items to include in your evaluation report include the following:

- A year-end budget
- An overall stellar evaluation report
- Who your project served
- How your sales (in the case of a farmers' market) helped those in your community
- Any evidence the project had a "multiplier impact", helping area businesses thrive alongside you.

If you complete the above, the chances of getting another grant from the same or another foundation will be greatly increased.

Your revised budget at the end of the grant period is essential. Grant makers understand that final budgets are almost never a mirror of the original project budget. If you discover more than a ten percent variation from your projections, drop your funder a note to document the change so that neither of you have an unpleasant surprise at the end of the project. Make mid-course corrections and notify your grantor; don't wait until the evaluation to let them know of unexpected changes or adjustments.⁴⁷

Congratulations...Or Not

Whether you get accepted or rejected, it is good practice to call the grantors and send them a thank you note. From now on, keep in touch regularly, even if you don't plan to apply for a grant in the near future.

It is recommended you make contact immediately after a request is accepted or especially if it is rejected. If your application was rejected, grantors are always willing to offer constructive feedback.⁴⁸ Time lapse will lose the opportunity to get constructive feedback.⁴⁹

CONCLUSION

Funding a new farmers' market or an existing one is a daunting task especially considering the fact that the market itself does not produce items for sale. Since farmers' markets do bring value to the community, calling on local businesses and organizations to become stakeholders needs to be addressed early on in the planning process. Municipalities, businesses, private organizations and governmental agencies need to team up and support your farmers' market.

⁴⁴ (Hickman, 2013)

⁴⁵ (Schaffhausen, 2013)

⁴⁶ (Schaffhausen, 2013)

⁴⁷ (Hickman, 2013)

⁴⁸ (Hickman, 2013)

⁴⁹ (Schaffhausen, 2013)

Resources for Obtaining Financial Assistance

Organization	Organization
<p>McKnight Foundation 710 South Second Street Suite 400 Minneapolis, MINNESOTA 55401 (612) 333-4220 http://www.mcknight.org/ Resources for community-based work in the Minnesota counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington</p>	<p>Bremer Bank http://www.bremer.com/Home/ Call the local bank branch in your community for information.</p>
<p>Initiative Foundation 405 First Street Southeast Little Falls, MINNESOTA 56345 (320) 632-9255 http://www.ifound.org/ Resources for central Minnesota counties of Benton, Cass, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena, and Wright</p>	<p>United States Department of Agriculture Agricultural Marketing Service http://www.ams.usda.gov/AMSV1.o/ 1400 Independence Avenue SW Room 2646 South Building Washington, DC 20250 (202) 720-8317</p>
<p>Southwest Initiative Foundation 1390 Highway 15 South P.O. Box 428 Hutchinson, MINNESOTA 55350 (800) 594-9480 (320) 587-4848 http://www.swifoundation.org/ Loan resources for southwest Minnesota counties of Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine</p>	<p>United States Department of Agriculture: Cooperative State Research, Education, and Extension Service 1400 Independence Avenue SW Stop 2201 Washington, DC 20250-2201 (202) 720-7441 http://www.csrees.usda.gov/</p>
<p>Minnesota Economic Development Directory http://www.ecodevdirectory.com/minnesota.htm Provides links to economic development organizations throughout Minnesota</p>	<p>Sustainable Agriculture Research and Education (SARE) North Central Region SARE 219 Biosystems and Agriculture Engineering Building University of Minnesota 1390 Eckles Avenue St. Paul, MINNESOTA 55108 (612) 625-8205 www.sare.org/ncrsare/ Designed for research and educational projects based in sustainable agriculture; <i>NOTE: these grants are awarded to EDUCATORS.</i></p>

Organization	Organization
<p>Building Better Rural Places National Sustainable Agriculture Information Service (ATTRA) PO Box 3657 Fayetteville, AR 72702 (800) 346-9140 http://attra.ncat.org/guide/resource.pdf</p> <p>A manual highlighting federal programs for sustainable agriculture, forestry, conservation, and community development <i>The guide can help farmers, entrepreneurs, community developers, private landowners, conservationists, and many other individuals, as well as private and public organizations, both for-profit and not-for-profit. The guide describes program resources ranging from grants and loans to technical assistance and information resources.</i> Download or call for a free copy</p>	<p>Project for Public Spaces 700 Broadway, 4th Floor New York, NY 10003 (212) 620-5660 http://www.pps.org/</p>
<p>UMINNESOTA Regional Sustainable Development Partnerships University of Minnesota 411 Borlaug Hall St. Paul, MINNESOTA 55108 612-625-3148 http://www1.extension.uMinnesota.edu/rsdp/ The Regional Sustainable Development Partnerships work to sustain Minnesota's natural resource-based communities and industries by addressing community-identified agriculture, natural resources, and tourism issues in partnership with the University of Minnesota. There are five regional partnerships; check with each one to find out if they are willing to help farmers' markets specifically.</p>	

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Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 11

Promoting Your Farmers' Market

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

Chapter 11

Promoting Your Farmers' Market

By Carol Morris, past coordinator of the Maple Grove Farmers' Market, Minn.

Promoting and advertising your farmers' market is imperative for its success. Both activities can be used for two purposes: for soliciting vendors to participate and for drawing customers to the market. Consistent and regular advertising are vital to the success of any promotional campaign. If your market is in the organizational stage, starting the first season with great fanfare will ensure your market gets noticed; plan to start every year as if it were your first. Since there would not be a market without customers and vendors, use advertising and promotions to attract both.

Promoting your farmers' market takes great effort and perseverance. It takes time to gain the loyalty of customers; plan on out-of-season contact to keep them in the farmers' market frame of mind. Winter and indoor markets are a great way to keep customers in the habit of thinking of shopping first at your market. Cost is generally a factor in advertising, but, as you will see from the following suggestions and examples provided in this chapter, there are many options to fit any budget. You do not have to "break the bank" or have an event every week—that is too much to ask and can be overkill. Word of mouth is still one of the best and least expensive ways to bring people to your market, and has been demonstrated as the most effective way customers hear about EBT at farmers' markets. But you do need to plan for more formal advertising, and a wide range of opportunities are available for doing so.

Most customers appreciate having a market to visit, and few will want to leave empty handed. However, it is important to keep customers happy and coming back to the market. Remember, you are competing with other markets in the area as well as with grocery stores, co-ops, and other food providers. Keep your main focus on good-quality items sold at the market. Then enhance customer loyalty through special events and activities as well as through incentives and other rewards. Customers view these as added bonuses. In addition, such extras offer a great way for your market to say thanks for coming and to let customers know their support is appreciated.

"If you build it, they will come" still holds true. But by using advertising and promotions, you will build your farmers' market faster, bigger, and stronger.

SPECIAL EVENTS

Grand Opening

Let everyone know the market is open for the season with a celebration. It might involve a market giveaway or drawing that is supported by soliciting market vendors for donations. Because people sign up for the giveaway, such an event also provides a good opportunity to establish a customer database. You might want to ask customers for an email address, letting them know that they will then receive updates on what is happening at your market.

Birthday Party

Celebrate your market's birthday, every year if you like or on major milestones (first, fifth . . .). Offer customers and vendors a piece of cake as a way of thanking them for their continued support. Provide balloons for the kids. Activities such as these can also be part of grand openings. *This is also a great chance to get local media, whether radio, newspaper, television, or all of the above, to focus attention on your market.*

Music

Music adds a festive atmosphere to any market. It can put a spring in the step or simply serve as gentle background while customers stroll the market. Musicians will often provide entertainment at a market for little or no cost. Encourage musicians to play at the market for free, but then allow them to sell their CDs and/or promote their talents for customers' occasions, such as reunions and weddings. Many musicians are community-minded and just enjoy sharing their talents. Read Chapter 5, *Managing Your Farmers' Market*, for requirements about hiring musicians. Musicians cannot legally perform cover songs without paying royalties; your market manager will need to apply for one of the music licenses available through

ASCAP or BMI. In addition, some communities have ordinances that consider 'busking' (playing for tips) panhandling and thus illegal - check with your local authorities.

Jugglers, Magicians

Entertainment from jugglers and magicians, particularly if they stroll while performing, can be fun and sometimes an interactive addition to your market. As was suggested for musicians, encourage these talents to participate at no cost. Although many charge for services, they may be willing to provide entertainment at a reduced fee.

Character Visits

Invite costumed characters to come to interact with visitors. Such characters might be Crime Dog McGruff, Smokey the Bear, or those representing local businesses or historical societies. Depending on the season, even Santa may show up for a visit - Christmas in September anyone? Santa loves fresh produce!

Face Painting, Balloon Animals

It is good to have activities that appeal to children. Some entertainers will offer their services for free, or they may put out a tip jar in return for being able to promote their business by putting out brochures or business cards to entertain at events like birthday parties. Others may want to charge the customers for their services; if so, you may wish to consider their paying a seasonal or weekly fee— either the same as that of regular market vendors or at a reduced rate. Consider asking a local business to cover the costs of hiring folks like these too, in turn for community recognition of their support.

Vendor Picnic

A nice touch is hosting an annual picnic or potluck to thank vendors for participating in the market. This activity can be done at any time, but mid- to late-season timing usually works best. In many cases vendor's children are at the market helping during the summer. If so, it is nice to include them in a market picnic before they head back to school. Put some hot dogs on the grill and beans in a crock pot, open bags of chips, offer soda and water, and you've got a picnic that will be appreciated by your vendors. You may wish to open it up as a potluck to which anyone can bring a dish to share. And don't forget dessert! Or go fancy and involve a local restaurant. Either way, such a gathering can create good will and loyalty to the market. It is also a great way to establish camaraderie among vendors and the market's management.

Ice Cream Social

Choose one market day to offer free ice cream to customers (don't forget to include your vendors too). A local dairy, grocery store, or home delivery business can be great resources for providing ice cream. Depending on how your market is set up, you may wish to contact a local community organization, asking it to sponsor such an event (or any other event at the market, for that matter). You will be amazed at how many people are surprised by free ice cream. Just tell them the event is a "thank you" for coming to the market and appreciation for their continued support.

Concert

Does your community have its own band made up of residents? Maybe a local teen group or a group of seasoned veteran performers? Perhaps some members of an orchestral society? You will be surprised at the local talent you can find, performers who are willing to "team up" one evening or weekend afternoon with the market. People can come stroll the market and then bring their lawn chairs to enjoy a pleasant night of music; maybe even munch on goodies they picked up at the market.

Citywide Picnic

The possibilities in a citywide picnic are great—in fact, such an event may even become an annual tradition. Contact one of your community's local charitable organizations or perhaps the Chamber of Commerce to see if it will sponsor a citywide picnic. Check with a local restaurant to see if it is willing to provide food. Tickets can be sold to cover the cost of the meal or items can be purchased ala carte. Advertise with the local media and spread fliers around town.

Radio Stations

Invite a local radio station to broadcast from the market. Doing so not only provides entertainment but also gets word about your market out across the airwaves.

TV stations

Invite a local TV station or personality to highlight your market on its broadcast. Or ask the station to invite market staff to their studio to tape a segment of conversation or an interview. *Plan such events a couple of months beforehand* because many stations need time to work events like these into their schedules.

Another great TV/Market integration is to invite the local TV weatherperson to the market to talk to the public about how the current weather affects gardens, local farms, as well as discuss weather forecasting in general. This builds viewer loyalty on their part and interest in the local public.

Scavenger Hunt

Such hunts aren't just for kids anymore. Put together a sheet of items for customers to locate throughout the market. Involve vendors by having them sign off as items at their booth are found. Such a hunt will encourage movement through the market and encourage customers to go to booths they may not have visited.

Local Theater Troupe

Invite a local theater group to the market to perform a scene from an upcoming production. This event adds entertainment to the market and engages customers. For the theater troupe, performing a small scene is a great way to advertise the company and its next production.

Games

Invite politicians or other community leaders to participate. Stage a watermelon-seed toss or one-arm corn shucking; limbo during salsa season; juggle cabbage or other produce items; spoon races with a hard-boiled egg are great fun, too.

National Farmers' Market Week

Check with the Minnesota Department of Agriculture (www.mda.state.mn.us) for each year's specific date, but National Farmers' Market Week usually takes place during the first full week in August. What better way to celebrate the importance of farmers' markets and their many benefits! Angeline Dufner, one of the original organizers of the St. Joseph Farmers' Market states, "During National Farmers' Market Week, the mayor or another political figure makes a formal proclamation just before the market opens." In the last couple of years, Secretary of Agriculture Tom Vilsak has made national proclamations - make sure your local media outlets know.

State Fair

It's the Great Minnesota Get Together. Honor this agricultural tradition at your own market.

Vendors' Ideas

Vendors are always a great resource for input. Ask what they would like to see or what has worked at other markets in which they participate. They might even help organize or donate to the event.

Seed Give-Away/Planting

Check with your local arbor committee or nursery to see if it might be able to provide resources for such an event at your market. Although you certainly want to encourage people to purchase their items at the market, customers experience great satisfaction when they grow plants themselves. A tree seedling or pack of seeds might even inspire future growers.

Harvest Festival

Angeline Dufner, of the St. Joseph Farmers' Market, recounts their annual Harvest Festival in mid-September. "The event typically brings hundreds of extra people to the market. The St. Cloud Times food columnist is on hand to prepare food on site for people to sample, using some of the recipes that producers provided several weeks earlier and the produce they bring on the day of the festival. Usually

someone from the nearby Hispanic community makes fresh salsas that people can sample. Two of the Benedictine sisters make animal balloons for children—an extremely popular event. We have one or more clowns, special rural demonstrations (e.g., apple pressing), sometimes local artists (e.g., poets who get children to write their own poems), games (e.g., zucchini bowling), and live musicians playing in our big market tent with straw bales and planks for seating. Volunteers assist with parking. Fall arrangements and gorgeous prepared bouquets of dried flowers are available, as are stands that sell prepared foods. One year I tried to count those who came; we had more than 1,200 people that day. Part of the large number was due to a preliminary feature article in the St. Cloud Times, along with recipes that will be made for sampling and pictures of the market and its sellers, taken by the Times photographer the week before.”

Art/Craft Show

If your market's guidelines do not normally include artists and crafters as market vendors, try a once-a-month art show. Invite local artists to display and sell their items.

Local Royalty

Invite your local ambassadors to visit the farmers' market. You may have them greet visitors or participate in an activity, such as serving ice cream or handing out samples. Most royalty programs are very community-oriented and welcome local opportunities to be of assistance and involved.

Your Own Celebration

The options are endless. The following provide a few ideas:

- Celebrate strawberries (or any berry for that matter) with shortcake for market goers. • Sponsor a corn feed to celebrate the local corn harvest.
- Offer pumpkin painting or carving and pumpkin recipes. Guess the weight of a large pumpkin. Ask market vendors to donate pumpkins for the activity. Have a costume contest for kids, and encourage vendors to dress up as well.
- Stage a chili or soup contest with local “celebrity” judges (or have customers vote for their favorite recipe).
- Sponsor apple day with samples of the many varieties of apples, caramel apples, and recipes. Maybe partner with a local orchard for activities. Offer free apple cider to market goers.
- Hold maple syrup demos with taste testing. Provide maple syrup recipes.
- Set up a salad bowl. Ask vendors to bring ingredients to make a huge salad, have a variety of dressings on hand, and then dish out bowls of salad to market goers.

The following events, compiled by the Maine Federation of Farmers' Markets, were successful at farmers' markets in Maine and Vermont:

- Recognize Dairy Day in conjunction with a local dairy or 4-H club. Hold demonstrations of cow, goat, or sheep milking. Provide milk and cookies or ice cream to attendees.
- Arrange a business day. Send letters inviting local businesses to market to promote community involvement and support. Show how one supports the other. Walk business people around the market. Have them wear name tags. Provide free coffee. Shake hands.
- Feature a different stand, farm, and vendor each week. Put your featured choice in the center of the market in a reserved spot.
- Hold an end-of-the-season pig roast. This event might be similar to the community picnic mentioned above. Sell tickets and invite everyone to bring a lawn chair to visit and enjoy an evening out. Music is a good addition.
- Sponsor Flower Day. Hold floral arranging classes or classes for people to learn to make a wreath (fee-based) or similar craft.
- Hold a soil testing day. Advertise to customers to bring in soil samples. Extension- test on the spot. You may want to charge a fee. Invite a local flower or horticulture society to co-host the event.

Chef Demos

A chef demo is an activity that can benefit the market, vendors, and customers. In the food being prepared, highlight/incorporate a variety of available market items. Give recipes to attendees. Customers will then go to various vendor booths to purchase the recipe items needed to make the dish at home.

“Some markets even mark booths that have ingredients required for the recipe with brightly colored balloons, making ingredients easy for customers to find” (2006 Kentucky Farmers’ Market Manual 3).

Local restaurants, grocery stores, and community colleges are good sources for possible chefs. Work out in advance with chefs what they will provide, what the market needs to do, and, as always, spread the word that your market is having a chef demo.

ADVERTISING

Newspaper

Newspapers provide a traditional mode of advertising that is still a popular way to reach your customer base (and potential vendors). Establish good rapport with your local newspaper and keep it abreast of market happenings. Make sure to submit press releases, ads, and even articles well within the paper’s deadlines. In addition, many newspapers have websites in which online advertising is allowed. It’s something worth checking into.

Television/Radio

Although these forms of advertising are definitely financial investments, many companies are willing to work within a market’s budget. Check with the cable company and radio stations serving your area as well as with the local access channel to see what services they provide. Depending on the format of your market, a company or business may be willing to sponsor such advertising.

The Vermont Federation of Farmers’ Markets recommends the following: “Once a season, fill a basket of samples from the market and deliver it to the local tv/radio station to get them interested. They may mention different items throughout the day’s show, which gives it often-needed time fillers”.

Ask radio and TV stations about the possibility of public service announcements (PSAs) to help spread the word about your market. You’d be surprised at the amount of information that can be fitted into a 15-second spot.

Local Festivals/Expos

Reserve a booth at an annual celebration or business event. Most are available at minimal cost and often include a table and chairs. Create an eye-catching sign and a photo display of market produce and vendors. Make sure to have a nice tablecloth and table skirt.

Two of the greatest draws to any booth are food and a giveaway item. Food can be as simple as a basket of candy to bring customers over. Or you may wish to invite a market vendor to join you to provide samples of the vendor’s product. Such activities give potential customers a taste of what they’ll find at your market. They provide a great promotional opportunity for the vendor as well.

Giveaways can be done in two ways. One way is providing a giveaway item (such as a basket of market goodies) for which people need to sign up to win. Signing up also adds to your customer emailing list for market updates and newsletters. A second way is offering a freebie item that you give away to each person stopping at your booth.

Consider having market logo items for sale at your booth, such as t-shirts or caps. Not only will the proceeds go to your market, but you’ll also have walking advertisements.

Local Publications

Inserting a market flier into the Chamber of Commerce newsletter or a local business employee newsletter is a low-cost way to reach many. Or consider placing an ad in a local magazine that serves your community. Inquire with your municipality to see if it will consider putting an article in its residents’ newsletter or community guide. Does the corner café have placemats with advertising on them? You’ve got a captive audience there, and your ad will be seen by those who enjoy food.

There are many avenues for local publications. Once you start looking, you’ll be surprised at the possibilities.

Fliers/Posters

Even with today's technology, paper fliers and posters are still an excellent low-cost way to reach the public. These can be posted at local businesses, the library, the post office, and other high-traffic locations. Many grocery stores and coffee houses have community bulletin boards. In addition, mail the fliers to local health-related businesses, such as medical and dental offices (haven't we all read things we never would have read otherwise at such offices!), fitness centers, spas, Weight Watchers. Ask them to post your fliers at their places of business.

At a 2006 conference in North Dakota, Vance Corum recommended, "If the end date of the market (example: July 17-October 31) is included in the information, businesses are more likely to leave them up throughout the season".

Residential Mailing

Mail a flier with a market coupon to residents. Doing so is likely to bring some new visitors to the market.

Restaurant Mailing

Mail a packet of market information to restaurants in your area. Invite owners and managers to shop at your market for items. Let them know about your area's growing season so they know what items they can expect to find throughout the season. Invite them to visit with growers too. If restaurants need to buy in bulk, their owners or managers may wish to contact a grower who can provide large quantities.

Promotional items: Everyone loves a freebie. Just make sure that it's large enough to include the pertinent information about your market (name, dates, hours, location). Also make sure that it's something people will keep and use. Fridge magnets or kitchen towels are both good examples.

Local Event Program

Many local theaters or events have programs that can be provided to each attendee, and the program's printing costs are usually funded through advertising. Place an ad in such a program, and you'll be reaching the local customer who you know supports local community events, one of which just might be your market.

Utility Bill Notice

Check with your local municipality about the possibility of inserting farmers' market information into the utility bill that is mailed to each resident. Your municipality may be willing to include the information for free as long as doing so does not affect the cost of postage. Check to see if there are size restrictions on what can be inserted.

Minnesota Grown Directory

Minnesota Grown Directory is distributed free statewide at participating farms, churches, libraries, and travel information centers by extension agents, realtors, and many others. Last year, well over 250,000 directories were printed for distribution to consumers looking for fresh, quality products. The Directory lists Minnesota Grown products and services (farmers' markets, u-picks, farms, and much other information).

A listing in the Directory includes both the printed book and an online listing with map and direct web links to your market (with over 200,000 unique visitors last year alone!) . To be listed in the Directory, though, you must obtain a Minnesota Grown license. For further details on the Minnesota Grown program and the Directory, visit www.minnesotagrown.com

Websites

The Internet is really the place to be, so a website for your farmers' market is a must. It can be as simple or as elaborate as you like. Make it welcoming and friendly and, most important, keep it up to date. Add photos, which are a great eye catcher. Photos also give people an idea of what they can expect to see at your market. Free websites are easy to create with many services like Blogger and Blogspot. Offer a locavore techie some free market produce and watch your market webpage grow before your very eyes! Consider the possibility of conducting online surveys on your website. Doing so is a great way to get feedback from customers. Ask such questions as how far they traveled to come to the market, how often they shop at the market, what products they usually purchase, and what their motivation is for coming to the market.

In addition, consider www.localharvest.org which allows you (for free) to create a listing for your market. The United States Department of Agriculture will also list your market free of charge. Visit www.ams.usda.gov/farmersmarkets for a wealth of information.

Check with your local Chamber of Commerce, municipality and convention & visitors bureau. Many of these groups will include information on their website (at no cost to you) about local happenings and events, and your market is one of them. Make sure your market is included.

Community Calendars

Many TV and radio stations have a community calendar on their websites and allow free listings of events. Just a couple of clicks and in a few minutes you will have submitted details about your farmers' market.

Movie Theater Advertising

Explore the possibility of advertising at your local theater. At first, such advertising may appear daunting or expensive, but it may be more reasonable than you think. Similar to TV advertising, it requires a financial investment. However, many companies are willing to work within an advertiser's budget.

Parades

Put together a farmers' market entry for a parade to be held in your community. Your entry can be as simple or as elaborate as you wish. A parade float is a great way to reach potential customers watching from the sidelines. Candy is always a big parade hit, and you may also wish to give out a promotional item that highlights details of your market. Consider co-sponsoring with a restaurant that like to use local produce to help defray the cost.

Billboards

Explore billboards as another advertising avenue. Depending upon their location, they have the potential to reach hundreds or even thousands per day over an extended period of time. Provide only the most basic details on a billboard because, unless people are stuck in traffic, they have only a few seconds to take in the details. Make your billboard sign sharp and eye catching. Billboards are meant to reinforce advertising that is already in place. Also, make sure a billboard is as close as possible to your market location. "Two miles to Local Produce", "Left at Exit 105 for Fresh Farmers' Market Produce" ... the fewer words the better!

Yard Signs

Similar to frequent practices for political or election signs, consider asking residents to place professionally printed signs in their yards to advertise the market. Market management is responsible for the information on the sign and for placement and removal of signs. If such signs are located in busy residential areas throughout the community, they keep the market on everyone's mind. They not only serve to remind folks driving or walking through the neighborhood, they also serve to remind the folks who live there too.

Tours

Set up tours for local senior programs and housing, daycares, school districts, red hat clubs, classic car club, teachers group or union, National Guard battalion, deer hunters association, environmental volunteer group, Sons of Norway-style ethnic heritage club, or any other similar organization. Encourage them to come to your market as a group. Make arrangements to have refreshments and a sign welcoming them to the market. Making any group of folks feel like you are making a special occasion for them will win you a lot of loyalty. Market-subsidized discounts are an option too.

Word Of Mouth

Word of mouth is still one of the best and least expensive ways to bring people to your market. But Kansas markets offer a note on such advertising:

This type of advertising relies upon the willingness of satisfied customers to voice their opinion about the market. It is up to vendors and market management to ensure every customer has a positive experience. Friendly service followed with simple phrases, such as "Thank you for shopping with us," "See you again next week," or "Tell your friends about us," will encourage faithful customers to spread the word.

SIGNAGE

Make sure to check with your local municipality about any ordinances that regulate size, placement, timeframe, material, and other aspects. Most municipalities have particular rules that must be followed.

Logo

Every market should have a logo. It is a visual reflection of the market, and it gives identity. Make sure your logo fits with your market's goals and purpose. Be sure to use it on everything that is market-related. A logo leaves a lasting impression, and it is useful to have for things like t-shirts and bumper stickers.

Permanent Sign

Consider having a permanent sign at your market. It will provide year-around awareness of the market and give people something to look forward to during Minnesota winters. A permanent sign gives the market credibility and lets people know that you plan to be there for many years.

A-frames

Consider having sandwich board signs around town that carry pertinent information and directional arrows pointing the way to your market. Put these out either early on Market day or preferably the day before. Make sure they are sturdy and weather resistant.

Banners

A manual from Alberta, Canada, provides tips about banners: If you do not have a permanent sign, consider a large banner "to identify your market location" or place it at a major intersection near your market to draw attention. "If the market takes part in a parade, that same banner can be used on a float." Or it can be carried in the parade as well.

Display Sign

If you plan to attend various community events to advertise the market, consider having a professionally designed sign made that carries the market's logo and general details about the market that can be used for years to come.

Event Sign

Consider having a sign at the market highlighting what's happening at the market that day or what items have come into season and are available for shoppers. Chalkboard or dry erase are good options for such a sign.

Business Cards

Although business cards may be small in size, they serve as a sign for your market. Your market is a business, and it's always appropriate to have business cards for any networking events that market managers, board members or vendors attend.

Provide a supply of cards to each of your vendors and ask them to prominently display the cards at their booth for customers to take. In addition, ask them to place a business card in the bag with every customer purchase. Leave space on the cards for vendors to write their name if they wish. Business cards are a great way for vendors to promote their business as well as your market at other events and activities in which they participate. They also are a convenient "note-pad" to write quick recipes, websites, phone numbers or other information on.

General Signs

Keep in mind that you may need other signs appropriate for your market, such as parking signs, directional signs, no-presale signs, vendors-only signs. Signage is a financial investment but a necessary one. Make sure signs are weather resistant and can be used from year to year.

Vendor Signs

Strongly encourage—or even require—your vendors to have a sign at their booths identifying their businesses. Darlene Cavanaugh, Executive Director of the Alberta Farmers' Market Association, claims that vendors miss an opportunity when customers walk by their booths or purchase items without knowing the name of the business and who to return to on their next visit (The Market Express 3). Most

people do not remember faces, but signage incorporated with business cards will create loyal return customers. The sign doesn't have to be fancy, but it should include the name of the business along with the city of the seller's land.

Newsletters and Community Involvement

With the internet and smartphones, today's movement is definitely towards electronic dissemination of information. Establish an email, Facebook or Twitter distribution list of customers interested in receiving updates about your market. Make sure to establish a policy of keeping this information private and of letting customers know that it will be used only for farmers' market notifications. Use of a distribution list is a quick and easy way to keep everyone up to date on what's available, what's happening, and what's new at the market.

Also consider an e-newsletter for your vendors. A newsletter keeps them abreast of happenings at the market. It can also serve as a non-confrontational way to review or reiterate the market's policies and procedures, particularly if some of these are not being followed. Dogs and smoking at the market are both good examples. A newsletter for vendors is a good way to maintain open lines of communication between market management and vendors.

COMMUNITY INVOLVEMENT

Master Gardener Booth

Visit www.mg.umn.edu to find out about the master gardener program in Minnesota. This site should be able to put you in contact with a local master gardener or gardening group to ask if someone is willing to come once, twice, or more often to answer market goers' questions about gardens, yards, trees, and other related issues. Master gardeners are required to volunteer a specific number of hours per year. What better place to do so than at a farmers market? It's a win-win situation for all—the market, the customers, and the master gardeners.

Meet the Mayor and City Council

Invite your local officials to come to the market for an hour or more to visit with residents. It's a great chance for residents to chat with elected officials in an informal setting.

Local Park District

Check with your local park district. It will often have programs that fit into a market or agricultural theme, such as apple pressing for cider, gardening, maple syrup making, and caring for trees and other plants. Programs may include a hands-on activity or an interactive display. Not only are such programs a great benefit for market goers, but they can also be viewed as public relations opportunities for the park district itself.

Not-For-Profit/Community Organization Booth

One way to be a great community partner is to make a market booth available at no cost to a not-for-profit group that serves your area, such as the Lions, Rotary, Boy or Girl Scout troops, garden club, or arts council. Such groups can then offer information on their groups and services. You might even want to suggest that groups expand their participation in the market, perhaps by selling water or soda as a service to market goers, providing a children's activity, or assisting customers in carrying their purchases to their vehicle.

The New Hampshire Farmers' Market Association offers some wise advice:

Develop a policy in advance regarding inviting organizations. Have a rotation in place to ensure fairness and designate a coordinator to oversee these groups. Establish a policy to prevent these groups from competing with your vendors and make this policy clear to organizations before the market season.

Donations To The Local Food Shelf

Contact your local food shelf to see how it can accept fresh items; provide this option to vendors who have unsold product at the end of the market day. Most food shelves are happy to come at the close of market to pick up any donations; in other cases, community organizations and churches may offer to deliver unused 'compost pile' produce to the food bank or shelf. In addition, you may wish to encourage market customers to bring a canned item or two with them to the market or simply make an extra purchase of

fresh produce at the market as a donation. Make sure to designate a drop off spot at the market for all donations.

School Supply Drive

Make your market a drop-off site for donating school supplies to the school district. Check with the district in advance to learn what kind of items are needed. Pick a day to collect such supplies, and let your customers know the details in advance.

Used Eyeglasses Drop Off

Let shoppers know they can bring their used eyeglasses to a collection box at the market. Lions and other organizations that host optical missions in developing countries will distribute those eyeglasses to those in need. Check with your local Lions club about the possibility of such a community partnership. This idea was used successfully by Manager Ginny Gieseke of the Drake Neighborhood Farmers' Market in Des Moines.

Fire Programs

Invite your local fire department to come to the market to talk with attendees about fire prevention and safety. Ask firemen to bring a fire truck that children can explore. ***In Addition...*** consider asking any business that has big machinery that is exciting to children to come and bring a big truck to the market - cement, gravel, power, garbage (good with a compost awareness campaign!) or logging.

Bike Safety

Ask local public safety personnel to do bike helmet fittings and to chat with kids and adults about the rules of the road. Coordinate with a bike club or group to do a vegetable relay across town - a great bit for local news TV looking for a positive story.

Healthy Programs

At your market, promote any one of the many healthy eating programs, such as 5-A-Day of fruits and vegetables. The Internet is an excellent source for ideas, recipes, and games that endorse these programs.

Health Events

Alberta's Resource Manual suggests hosting a blood drive. Contact the American Red Cross to set up a drive at your market location.

Blood Pressure Check And Health Screenings

A local healthcare provider might offer free blood pressure checks.

ON-SITE PROMOTIONS

Market Info Booth

It's always a good idea to have a booth at the Market at which people can ask questions or express concerns. Or they may simply be looking for a suggestion for a place to eat dinner. Having such a booth adds to your market's identity and puts a face to the market. It also lets customers know that someone is overseeing operations. Such a booth is a great location for EBT/credit/debit card operations, handing out market information, selling market logo items, conducting surveys, and more. The booth/shed can be painted with the Market logo to provide identification all through the season as well.

Angeline Dufner, one of the original organizers of the St. Joseph, Farmers' Market states, "The market owns a cute little shed that was built for the market as an Eagle Scout project. It sits beside the market manager's location so that he can use it as an on-site office. It also contains a small freezer, from which he can sell bottled water and cold or hot drinks. It is the site for "lost and found" and the dispensing area for giveaways (scrubbies, handouts, occasionally ice cream cones, directories for Minnesota Grown and Central Minnesota's Farmers' Market group, for extra flower bulbs that people give away, and more). It has a small announcement board. When the market is closed during the rest of the week, the shed provides safe storage for the market's parking cones, big banner, fencing that is set up to keep parking distinct from the market, water and other drinking supplies, paper cups, etc."

Goodie Bags

Give customers bags filled with such items as recipes, coupons to local businesses, and promotional pieces.

Raffles/Drawings

Collect items from vendors to fill a monthly food basket, which can then be raffled off to customers. Raffle tickets can also be used to collect names and land email addresses of market customers for further promotions and market updates.

Items can be raffled or given away individually. This practice makes more than one winning item available, allowing several people to leave with market goodies rather than only a single individual.

Frequent Shopper Card

Customers do have choices when shopping, so why not reward them for making your farmers market their first choice? Take your lead from businesses that reward people for shopping at their establishment. Create a simple card on which customers can receive a punch or stamp for each visit that they purchase something at the market. On their first visit they can receive an incidental item as their reward, with rewards increasing incrementally for subsequent market visits. It is not necessary to reward them every time; two to three times for the season is sufficient. You may even wish to do a surprise double punch day or bring a friend to the market and receive an extra punch.

Photo Opportunities

Set up hay bales, corn shocks, pumpkins, and gourds for photo opportunities. Invite customers and vendors to bring family members to get a nice fall photo memory.

Photo Contest

Have customers share their pictures of the market. This practice can be a good way of obtaining quality photos of the market that can be used in the future. Check to see if a local photography business will sponsor by donating prizes or perhaps offering gift certificates to your market.

Tasting/Samples

Consider a samples day at your market. If vendors don't already provide samples, encourage them to do so. Or have them give a quick presentation that demonstrates what to do with a unique product. Consider setting up a sampling table in the middle of the market. On it, offer samples from various vendors. The mess of sampling then occurs in one centralized location instead of at every vendor's booth. No matter what type of tasting or sampling the market or its vendors may do, make sure all health regulations are followed.

Flower Giveaway

Purchase flowers from your vendors and hand these to customers at the market.

Child's Craft Project

Angeline Dufner, one of the original organizers of the St. Joseph Farmers' Market states, "Each week a generous art teacher volunteers to help children with art projects while their parents shop at the market. These art projects vary each week. The children love the experience and usually go home with a small project they have finished."

Chair Massage

Invite a local therapist to provide massages for market goers. Therapists may do so for free or for a small fee. Take caution with such an activity, though, because you do not want therapists trying to drum up business or diagnosing people at the market. Provide such sessions as a courtesy or a small perk. They should not be tied to a sales pitch.

SAVVY MARKETING

By Karla Pankow & Elizabeth Millard, Bossy Acres, Bruno, Minn.

Social media and savvy marketing can take loads of time, but with smarter strategies and appropriate use of tools, you can make the process more streamlined. The main components to keep in mind are finding your story, understanding specialization, building buzz, and using Facebook / Twitter / blogs / newsletters / Instagram / YouTube in a way that's intuitive and efficient.

Find Your Story

To make the most of social media and other marketing efforts, take a step back and think about what sets your market apart. Write a paragraph about your market that might include:

- who you are
- where you're located
- your vendor base (food trucks, wood fired oven pizzas, produce/food variety)
- area of specialization (live music, cooking demos, children activities, food authors)
- general philosophy (only chemical-free produce, 100-mile radius local, no wholesale)

Specialization and Focus

Think about what makes your market unique. Creating focus on these areas helps you to refine how you'll use social media or approach news media. Some common specialty areas include:

- urban or rural
- connected to an institution (hospital, corporate offices, medical complex)
- new start-up or long-standing tradition
- specialty produce, unique offerings, off-season markets, flowers, hard to find meats
- fresh fish, creative baked goods, canning vendors, pottery
- value-added events/demos/book signings/live music/art projects
- high-profile customers, such as well-known chefs or restaurants
- active in food policy, local food system on deeper level, community sponsorships
- partnerships with local restaurants, businesses, related non-profits
- DIY activities/classes, no waste market, composting, related workshops
- partnering with local food shelves, garden gleaning project (The Minnesota Project), fruits of the city program (The Minnesota Project), Harvest for the Hungry (Emergency Food Shelf)
- plant starts, mobile petting zoo, on-site demonstrations/lessons

Getting Attention

Once you have a grasp of your market's unique attributes and general story, you can begin to build buzz by approaching news media. Getting your market's name in newspapers, magazines, or blogs helps to build credibility for your market and vendors and attracts new customers. News coverage also gives you better connections when doing social media.

Some ways to spark this attention include:

- commenting for news stories on general local food/market topics
- establishing yourself as an expert source
- supplying photos for articles on markets, local food, community, vendors, activities
- submitting calendar items if you have a specific market event, winter markets, etc

Connecting with Journalists

In order to gain attention with news media, you can identify journalists and editors who would be open to writing about your market. There are several ways to identify and contact these individuals including:

- Look at the "mastheads" (which my grandma used to call "the list of employees") of a relevant magazine; these are within the first couple pages of a magazine and list editors and writers
- Your contact is likely to be a managing editor, food editor, agriculture editor, or any other editor that specializes in that way. Individual staff writers can also be contacted.
- When reading a relevant article that lists a writer's email address at the bottom, that's a sign that they're open to being contacted

Introductory Email

Send an email that introduces your market, uses the paragraph you've created as a description, and offer yourself as an expert source. Mention the types of topics that you could address. Here's an example:

Dear [Editor/Journalist name],

As a frequent reader of [publication name], I've noticed that you often cover agricultural (or local foods, or local community --- tailor it) topics, and I wanted to offer myself as a source for any future stories you might have.

In terms of our farmers market, we've been representing the Kingfield area since 2001. Our market specializes in organically grown vegetables and herbs, and many of our vendors have been with us from the start. We think they represent a wide range of family farms, new startups, specialty growers, and minority-owned farms.

Some subjects on which I could comment include: how the recent drought has affected our farmers, demand for local foods, how farmers markets help to make a more vibrant community, city food regulation rules, use of WIC and EBT at markets, and so on.

If you have any articles that could use some insight along these lines, feel free to contact me, I'd be happy to help. I can also arrange interviews with our vendors if you want to do any stories on their farms or ventures specifically. Also, our market is available for any photo shoot opportunities.

Thanks for your consideration, and I look forward to hearing from you.

Best,
Elizabeth Millard
Kingfield Farmers Market
tel: 612-978-7872
email: manager@kingfieldmarket.com

If an editor or journalist contacts you for a story, *respond in a timely fashion*. Waiting a few days will sink your efforts. Media types are usually in a rush, and if a source (like you) is responsive, they tend to use that source for multiple stories.

SOCIAL MEDIA

The other major way to gain attention for your market is through social media and tools like Facebook and Twitter as well as Instagram and even YouTube. Although Facebook and Twitter are grouped under "social media," they are used differently.

Facebook

There are numerous benefits to Facebook:

- free
- accessible to you and your customers
- interactive
- establishes credibility, since people want to feel more connected to their farmers, market, and food

Quick tips:

- be sure to choose a "page" instead of a "friend" account
- put your logo and cover photo on your page
- create custom tabs for products, events, Pinterest boards, etc.
- highlight and promote your vendors, special events, entertainment and the like

Making the Most of Facebook

Unfortunately, Facebook isn't an instant popularity tool. If you build it, people won't necessarily like your page. But it doesn't take a ton of work, either. Here's how to make the most of the site:

- take the time to complete your profile section (about, mission, description, founded, location, awards, products, phone, email, website)
- include pictures and albums
- include videos like tutorials or do-it-yourself videos
- put up links to related topics, organizations, industry information, farm happenings, farm stories/publications, and upcoming events
- be a cheerleader for other farms and organizations, "like" related pages, share, be involved, go where your customers are

Keep in mind that your posts, comments, and activity are all a reflection on how you are perceived. You would be amazed how much people pick up when they follow you, and how quickly a link or a post can spread across the Internet.

With that in mind, here are some tips for posting:

- be consistent and reliable
- remember that more often than not, people are visual learners so include photos and images
- keep it fresh with pictures, videos, and links
- show your personality, convey your story, emphasize how you're unique
- be a team player by liking other pages
- play nice
- highlight posts or pin them on top
- know the ins and outs of tagging
- see yourself as an educational source
- work toward co-marketing and partnerships by interacting with potential commercial customers/wholesalers/farmers markets/etc.

Stay away from:

- Twitter-linked postings: different audience, different message
- questionable postings, comments, links, pics
- creating contests to generate more "likes" - instead, use a third-party site like [Wildfire](#) to create competitions
- posting links to business events that have little to do with your farmers market

Facebook Tools

Promotions

Sometimes, it makes sense to pay for Facebook promotions including:

- varying dollar investments to attain varying reach opportunity
- allows one to set the duration and budget level of the promotion
- can target followers or promote to certain geographical areas
- can do targeted special offers

Scheduler

Another useful tool is a scheduler, which allows you to plan ahead and schedule postings. These allow you to set an exact date for posting.

Administration Panel

Allows you to keep track of a wide variety of items including:

- notifications
- private messages
- new likes
- insights (total likes, friends of fans, people talking about page, weekly total reach)
- detailed insights (reach by specific post, engaged users, virality)
- detailed demographics (male vs. female, age demographics, countries, cities, language)
- number of unlikes, external referrers, total tab views
- managing administrators, if you have more than one person as admin

Mobile

Using a smartphone, you can download an easy-to-use Facebook app. This is ideal for connecting with other apps like Instagram, and posting photos and status updates in real time.

Twitter

Over 62% of Fortune 500 companies use Twitter; the app has over 165 million users with a million new users every day. That makes it an excellent option for quick hits and for staying connected.

Establish Your Image

Like Facebook, you should create your page with your market's brand and story in mind:

- consistency is key
- create visual overlap with other social media accounts
- understand that different messaging is involved even if brand is consistent
- create promotional overlap with web site address, facebook address, etc.

Key areas on Twitter page:

- followers
- following
- favorites
- lists
- direct messages
- #hashtags/categories
- audio/video/image
- tweets (140 characters)
-

Some **quick tips** for making Twitter easier to use:

- use tinyurl.com or bitly.com to shorten web links
- create "teases" to encourage click-thru
- engage in chats ([#agchat](#), [#veggielovechat](#), [#seedchat](#), [#growyourown](#))
- be involved and social, build relationships
- create balance: self-promotion, but with education, related links, industry info, social interactions, humor, photos, video, retweeting others
- be polite, be a team player, promote others, and be respectful
- always keep in mind that you're representing your business and vendors
- be yourself

Twitter Management Tools

Social media dashboard: an app like [hootsuite](#) is free for up to five social media profiles; allows to schedule messages and tweets.

Tweetdeck: enables longer tweets and automatically shortens links; a Chrome app.

Buffer: schedules tweets to space them out throughout the day, week, or month

RSS feeds/twitterfeed: connects Facebook, Twitter, and blogs; creates RSS feeds for sharing

Tweepi: cleans out followers and non-followers

One last note: social media and other marketing efforts can sometimes seem like they take time away from the market. But keep in mind that using these tools can build buzz, develop credibility, and gain greater exposure for your business. They can also keep you connected to other awesome markets, local foodies, vendors, and farmers. Have fun!



Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

Chapter 12

Risk Management and Insurance for Your Farmers' Market

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets
across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota
farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

Chapter 12

Risk Management and Insurance for Your Farmers' Market

An insurance policy, for both general liability and product liability, is not just a good idea – it is a *requirement* for many farmers' markets *and* vendors in Minnesota.

But before we discuss the insurance options available to farmers' markets and vendors, it's just as important that markets and vendors think about reducing as many hazards as possible, to reduce the risk that would invoke a claim to the insurance policy in the first place.

RISK MANAGEMENT AT YOUR FARMERS' MARKET

Market management and vendors should see themselves as a team, working together to reduce hazards at the market. Following is checklist that should be considered at every market:

- Is the parking area set up to prevent an accident between vehicles coming and going – and customers walking to and from the market?
- Have you prevented traffic from entering the market area itself?
 - This includes vendors' vehicles arriving late / leaving early during market hours.
- Are the rows of tents set up so there is plenty of space for the flow of customers?
- Do you have traffic cones on hand; ready to be placed in case of a myriad of issues: big puddles, a big dip in the ground, broken glass, etc.
- Are all tents anchored securely?
- Have all food vendors attended food safety courses:
 - Good Agricultural Practices and Post Harvest Handling for produce vendors?
 - Food safety courses for baked goods, pickled goods, jams and jellies?
- Have all vendor stalls been inspected so no food items are on the ground?
- Have you addressed keeping dogs and other pets away from all food stalls? (Minnesota administrative Rules:
https://www.revisor.mn.gov/rules/?id=4626.1585&keyword_type=all&keyword=4626.1585+6-501.115.
- Do all vendors and visiting chefs doing cooking demos know and understand the 'safe food sampling' law? <http://mfma.org/files/632.pdf>
- Do all vendors offering food samples and cooking demonstrators have the gravity-fed handwashing station in their stall? <http://mfma.org/files/665.pdf>
- Are all extension cords secured to the ground so no one can trip on them?
- Does your market have a plan for inclement weather?
 - Do all vendors understand when the market may be cancelled due to bad weather?
 - Do you have a plan for your customers in case of bad weather?
- Each year before the market season starts, does your market manager meet with local officials (e.g., law enforcement, fire department, first responders, etc.) to make sure everyone involved knows the days and times the market will be open, so they are aware if there is an emergency that requires help?
- Do all vendors know who is in charge at the market in case of an accident or emergency, so that everyone follows the same plan?
 - Do all vendors have the contact information (cell phone number) for the market manager?
- Does your market manager have a megaphone or bullhorn so s/he can quickly and loudly communicate with vendors and customers in case of an emergency?
- Does your market have a first aid kit on hand to handle minor scrapes and injuries?
- Do you have your insurance agent's contact information on hand?

John Shutske, University of Minnesota Extension, farm safety specialist, stresses that every market should have a risk management plan that includes:

- Know what could happen
- Prevent (specific actions)

- Know who is in charge, who is accountable
- Train – all in your operation
- Build relationships – internally and externally
- Communicate
- Resources and supplies (“stuff”)

Furthermore, Shutske encourages all markets to write their plans out, “But, more importantly...the value is in the *process* of developing the plan. Good plans involve the “players” on your team; plans are a rough framework, you cannot predict EVERYTHING!”

Crisis Management

Another layer of risk management is crisis management – having a plan for communicating to your market’s external customers (your buying customers) and your market’s internal customers (vendors, sponsors) – *once a crisis happens*.

Many of the same basic principles apply for a crisis management plan as a risk management plan:

- Have a written plan
- Know who will be the *only* spokesperson for the market
 - Accept and acknowledge ambiguity and uncertainty
 - Display confidence but communicate with empathy and understanding
 - Talk about steps being taken to solve the issue
 - Admit when we don’t know, do not speculate
 - Be open to the media – covering the story is their job
 - Provide audience with key self-efficacy messages
- Contact any officials that need to be involved:
 - The owner of the property where the market is located
 - Your insurance agent
- Contact your internal customers immediately, so they understand market management is aware of the crisis and is dealing effectively with it
- Be honest and concise

Following are examples of risk management plans:

- Michigan: <http://www.mifma.org/wp-content/uploads/2010/11/Final-Flipchart.pdf>
- Mill City Farmers Market severe weather protocol: <http://millcityfarmersmarket.org/wp-content/uploads/2011/12/Severe-Weather-Protocol-2013.pdf>
- City of Bloomington: http://bloomington.in.gov/documents/viewDocument.php?document_id=6116

LIABILITY INSURANCE

Even with the best plans, accidents can and will happen. That’s where general and product liability insurance comes in.

Liability insurance is a serious component of all farmers’ markets. Whether you have it, or you are thinking of getting it, it is important to understand liability insurance and the ways that it protects a market or vendor.

Liability insurance extends coverage to a person, business, or other entity to cover bodily injury or property damage. The term bodily injury includes the cost of care following an accident, the loss of service one might endure as a result of that accident, and the cost of restitution should the accident take a life or permanently injure another. The term property damage includes the loss of property and the loss of property use. A market may also you may also want to consider Directors and Officers Liability Insurance, which protects the board of directors or working group.

Many farmers’ markets are insured and require that all vendors be insured to protect themselves from a lawsuit in the event of an accident. Liability insurance not only covers the damages outlined above, it covers the cost of investigating claims that may turn into a lawsuit and the attorney fees associated with

protecting the person, business, or entity being sued. These expenses encompass the bulk of the money that actually gets paid out as most cases are settled out of court.

A typical vendor liability insurance premium could cost between \$400 and \$500 each year and will cover the vendor for the entire 12 months. Despite the fact that many vendors only sell a few months out of the year, they are still covered for 12 months due to the way that the insurance system is set up.

When incidents do occur, it is wise to report them as soon as possible in order to report all of the details as accurately as possible. Even if it seems like a small incident that will not turn into a lawsuit, at the very least an incident report should be written and kept on file. The sooner details are recorded; the less likely they are to be forgotten.

There are a great number of things that go into liability insurance. This is only an overview. If you have further questions, you should call your insurance agent or an agent in your area to get the understanding that you need.

Common Insurance Definitions

- **Additional Insured:** An individual or entity that is not automatically included as insured under another's policy, but may be named providing that entity a certain degree of protection.
- **Certificate of Insurance:** A document that indicates your coverage amounts, carriers, and policy effective dates.
- **Insured:** The party to whom the insurance company agrees to cover losses, provides benefits, or renders services.
- **Liability Insurance:** Insurance that pays on behalf of an insured for loss due to negligence that is deemed the responsibility of the insured
- **Market Insurance:** this policy covers the market premises, market organization, and its employees. Such a policy offers basic "slip and fall" coverage as well as product liability. Coverage extends to multiple locations under one market umbrella, but each location shares the limits of coverage.
- **Negligence:** Failure to use that degree of care that an ordinary person of reasonable prudence would exercise in like circumstances.
- **Umbrella Liability Policy:** A liability policy designed to provide liability protection above and beyond that provided by standard liability contracts.
- **Vendor Insurance:** Provide general liability or "slip and fall" coverage to the individual vendor within the market. Coverage also includes general liability. Policy coverage is extended to all named markets vendor participates in.

SCENARIO: AN ACCIDENT AT A FARMERS' MARKET

(Disclaimer: The insurance policy will supersede this example.)

From the Customer's Perspective

Joe Smith, a customer at the farmers' market, slips and falls in front of an apple vendor's booth. He breaks his leg as well as his Palm Pilot, which is in his pocket. He sues for the cost of the hospital bills as well as the lost wages incurred from being unable to walk, let alone do his job as an independent roofing contractor. Joe is also suing for the cost of care associated with his fall and the loss of service. The bodily injury section of the general liability policy will apply here.

Furthermore, Joe sues for the cost of replacing his broken Palm Pilot and the lost business incurred at having lost all of his customer data that was stored on his Palm Pilot. Joe is suing for property damage and the loss of property use. Property damage section of the general liability policy will apply here.

In Joe's case, a claims investigator will try to determine what happened, they might interview witnesses or visit the site of the fall. They will be trying to determine who is at fault in Joe's fall. Perhaps there was a pothole in front of that vendor's booth. Perhaps a witness noticed that there were many apple cores scattered around the booth at the time of Joe's fall. The general liability policy is required to defend the policy holder. The cost of this investigation could be covered by the liability insurance. Liability insurance covers attorney fees.

It was not yet mentioned whom Joe was suing. In all likelihood, Joe will sue everyone that he can. In this case, it will be the apple vendor, the farmers market, and the property owner that owns the lot that the market operates on.

General Liability policies may be endorsed to cover additional insureds. In most cases, this line protects the owner of the property that the business is operating on. In Joe's case, the apple vendor had liability insurance and under additional insured, the farmers market and the property owner were listed. In the event of a lawsuit, all additional insured parties may be covered by the insurance that named them additional insured as well as their own coverage. Most markets require their vendors to have insurance also require that the market be listed as additional insured.

From the Vendor's Perspective

Tom Jones is the apple vendor and he is a small local grower. While \$400 each year often seems like a strain on his budget, after Joe's fall, Tom was glad that the market required he take the precaution. Had he not been insured, he might have lost his entire orchard as a result of Joe's lawsuit.

Everyone needs a different level of insurance coverage based on their exposure and their net worth. It is common in the insurance industry to default to \$1 million in coverage. The Commercial General Liability (CGL) Policy is the most common policy used for insuring farmers markets. It normally covers up to \$1 million for each claim, with a maximum payment of \$2 million per policy period.

Tom has three employees, 100 apple trees, and one tractor. He has a farm-stand and apple picking on his property in addition to selling at the farmers market. While Tom's net worth is not very high, he considers his exposure high since his customers often come onto his property to pick apples. Tom has a CGL policy. Tom is now considering offering pony rides for children on his property. He knows that this is risky and is afraid that children might get hurt. He is not sure that his current policy will be enough to cover this additional risk. If Tom gets the ponies, he thinks he will need a \$2 million umbrella.

An umbrella policy is an excess policy over his base GCL policy. If a loss occurs and the claim payout is over \$1 million Tom's umbrella policy will reply for the balance up to the total of \$2 million.

A few weeks before Joe fell at the farmers market, the market manager, Mike, decided to address risk management at his market. He took a checklist and he walked through the market with an eye out for potential hazards. He noticed that the aisles were congested, causing patrons to push their way through crowds. Mike also noticed that truck beds were left open and unattended. He realized that there was no emergency plan posted; if there were a fire, people would not know the fastest way to get out.

Mike decided to ease the flow of traffic by making aisles one directional. He posted large orange arrows showing the way. He used cones and rope to keep patrons in safe areas and aisles. Mike made sure that all truck beds were away from the flow of traffic. He also advised the vendors to raise the ramps when they leave the truck to deter pedestrians from trying to climb in. Finally, Mike made a comprehensive evacuation plan in case of an emergency. He posted it at every entrance and gave a copy to every vendor and employee.

When incidents do occur the insured is required by the policy to report the incident as soon as possible. The sooner the claim is reported the more accurate the information is. Even if it seems like a small incident that will not turn into a lawsuit, at the very least an incident report should be written and kept on file. The sooner details are recorded, the less likely they are to be forgotten.

For example, Joe fell in front of Tom's booth because he was trying to push against the flow of human traffic. There were cones and rope keeping people in the aisles as well as orange arrows pointing patrons in the same direction through the market. When Joe fell, the market manager was called over; he filled out an incident report and took pictures of the area surrounding the fall. Joe was hurt, angry, and was threatening to sue. After the ambulance took Joe away, the market manager called his insurance company to report the incident and advised Tom to do the same.

INSURANCE OPTIONS FOR MINNESOTA MARKETS AND VENDORS

Minnesota Farmers' Market Association teamed up with Stearns Insurance Services of St. Cloud several years ago to offer vendors and farmers' markets an affordable general liability and product liability insurance policy. It's a basic program that offers solid coverage for vendors and farmers' markets alike.

Requirements for Insurance

In order to buy insurance through MFMA, you need to be an MFMA member first. Both vendor memberships and farmers' markets memberships cost \$70 per year.

Once you are a MFMA member, you can buy insurance. This insurance is good for an entire year.

- The **vendor** insurance program has three levels with premiums ranging from \$80 - \$150 per year, depending on what the vendor sells (2015 premium rates). This policy covers you the vendor at any Minnesota farmers' market for the whole year.
- The **farmers' market** insurance program has an annual \$180 premium (2015 premium rate).

Member Benefits

Being a MFMA member has many benefits besides the affordable insurance program. Whether a vendor member or a market member, you also receive:

1. a free web page on MFMA's website
2. participation in the many grants MFMA obtains to help vendors and markets succeed
3. public policy advocacy to influence laws and rules that will benefit vendors and markets
4. educational trainings for vendors and markets

Vendor Membership Qualifications

1. Sell a majority of Minnesota grown agricultural products and/or products crafted within Minnesota.
2. Adhere to merchant ordinances and to all food safety regulations and recommended guidelines.
3. Participate at one or more farmers' market located within Minnesota.

Market Membership Qualifications

1. Be a community farmers' market (with a physical location in Minnesota) that represents three or more growers.
2. Be an established market with by-laws.
3. Sell a majority of Minnesota grown agricultural products.

Other Insurance Options

MFMA's basic insurance program through Stearns Insurance does not fit all markets or vendors. Here are other insurance options MFMA has researched:

1. If a vendor or market does not qualify for MFMA's basic plan with Stearns Insurance, many times Stearns Insurance can offer an alternative policy that will suffice for the market or vendor.
2. Food vendors should check to see if their homeowner's policy will add on a product liability policy.
3. Another option for food vendors is the Food Liability Insurance Program:
<https://www.fliprogram.com/>
4. Farmers should check to see if their farm insurance policy will add on a product liability policy.
5. Vendors who sell soap have some limited options:
 - a. <http://www.soapguild.org/store/home.php>
 - b. <http://www.indiebeautynetwork.com/channel-ibnyou/insurance.asp>
 - c. <http://www.browerinsurance.com/business/risk-management>

CONCLUSION

Risk management and insurance go hand-in-hand. The old cliché "an ounce of prevention is worth a pound of cure" holds very true for markets and vendors. Markets and vendors should do everything they can to reduce the risk at their farmers' markets – and then all will need to assess the necessity and level of insurance protection.

Canopy Safety 101: Your Guide to Canopy (From the Washington State Farmers' Market Association)

Most accidents at farmers' markets involve wind blown tents, canopies and umbrellas. We require all member markets to minimize the risk caused by canopies by following rules for canopy safety.

Canopy weights must be attached to vendor and market canopies at all times. Member markets shall agree to, and enforce, the following language and shall include the following paragraph in all market contracts, guidelines, and vendor handbooks or policies regarding canopy use. There are insurance implications for failing to enforce this.

“All vendors who wish to erect canopies (including umbrellas) on the Farmers' Market site during a normal period of market operations, including the set up and break down period, are required to have their canopies sufficiently and safely anchored to the ground from the time their canopy is put up to the time it is taken down. Any vendor who fails to properly anchor his or her canopy will not be allowed to sell at the Farmers' Market on that market day, unless that vendor chooses to take down and stow their canopy and sell without it. Each canopy leg must have no less than 24 lbs (pounds) anchoring each leg.”

If your market receives insurance from the WSFMA, there is a \$1,000 deductible for each claim. Some markets require the vendor causing this accident to pay that deductible. Markets might want to note this in the vendor contracts, guidelines or vendor handbook.

In certain inclement weather conditions even properly secured canopies can be precarious. If canopies need to be taken down in the middle of market due to inclement weather, vendors should direct customers to move out of the way so they are not injured.

- Weights should be secured in a manner that does not create its own safety hazard
- Weights should not cause a tripping hazard
- Weights should be tethered with lines that are clearly visible
- Weights should have soft edges to avoid causing cuts and scrapes
- Weights should be securely attached
- Weights should be on the ground (NOT above people's heads)

Canopies are used at markets to shield vendors and their product from sun and rain, but unpredictable winds can come up at any moment creating a safety hazard if the canopy is not properly secured. Sufficiently weighted canopies will have at least 24 pounds per leg. One canopy manufacturer recommends at least 40 pounds on each corner of a 10x10 tent; double that on a 10x20 tent. 50 pounds should be used for umbrellas. Weights for signs will vary depending on the size of sign.

Always Be Prepared

You should always have your canopy secured to the ground. It is not enough to have the tools necessary to secure your canopy on hand if you do not employ them. Strong gusts can come up without warning anywhere, at any time. After your canopy takes flight and causes damage it is too late to decide to secure your canopy. You should assume winds will come. Indeed, they often do.

Always secure canopies. During setup and breakdown periods canopies are vulnerable to wind. Stay alert. During the peak business hours of markets, the mere presence of hundreds of shoppers, along with the tight configuration of all the vendors, creates a disruption in the flow of wind, reducing its force through the market. But at setup and breakdown times, the shoppers are gone, the solid block of vendors is disrupted, and you are at some point in the process of setting up or taking down your canopy. You must be sure to completely secure your canopy as soon as you set it up, and take down your canopy as soon as you remove its weights at the end of the day. Do NOT let yourself be interrupted by ANYTHING in the middle of this process, as a half-secured canopy is as dangerous, if not more dangerous, than an unsecured canopy.

Canopy Weights

The safety of farmers' market shoppers should be the goal of every market's staff and vendors. In general, farmers' markets are statistically among the safest places in our country. Nevertheless, canopy weights needlessly continue to pose hazards at many farmers' markets. Perhaps this is because we are not looking at how we set up our canopies and stalls each day from the perspective of the customer. After all, we are used to being the vendor or manager. But take a minute to really think about it from the customer's point of view.

The average customer is looking at the bountiful tables filled with every sort of fresh fruits and vegetables, processed foods, crafts and so on. In other words, they are looking straight ahead, not down! Canopy weights should be located on the ground and customers are not looking around them. Thus, if the canopy weights are in the path of the customer, the customer will trip over, kick, or entangle with them,. Therefore, we need to anticipate this ahead of time, and place canopy weights carefully, using materials that are least likely to injure.

Examples Of Good Canopy Weights

- Filling an empty bucket (2.5 gallon works great) with cement and tying this to each corner of the tent with a rope or bungee. It is NOT sufficient to place the bucket on the feet of the canopy.
- Filling buckets/containers with sand/cement that can be anchored or secured with a rope or bungee; these include canvas bags or plastic buckets/containers that have a handle through which a rope or bungee can be secured.
- Sandbag weights that are specially made for securing canopies and weigh at least 24 pounds. These sandbag weights are vertical and can be strapped the legs of the canopy.
- PVC pipe capped and filled with cement can be hung on the inside of canopy poles as long as it is secured so that it does not collide with customers.
- The best weights are strapped to the bottom of each leg, and then tethered via a bungee to the top corner of the canopy, thus lowering the center of gravity of the canopy. In a strong gust of wind, even canopies secured with enough weight, can be broken if the weights are not suspended from the top corners of the canopy.

Examples of Bad Canopy Weights

- Gallon water jugs are not heavy enough for large gusts of wind. One gallon of water weights 8 pounds. One gallon of water on each corner would be the equivalent of a 3 year old child trying to hold down a 100 square foot parachute.
- Tying tents, canopies or umbrellas to tables, coolers or vehicles provides tripping hazards and frequently does not provide adequate weight. Vendor safety is just as important as customer safety.
- Sandbags that cannot be placed upright and securely tied to the tent or canopy should not be used.
- In addition to not providing enough grip to prevent a canopy from taking flight in a strong gust of wind, tent stakes are barely visible to shoppers and can cause a serious tripping hazard to an unsuspecting customer.
- Never use cement blocks! They are hard, easy to trip over, and are very effective toe and shin breakers.
- At all costs, avoid stretched out cords and lines. Customers and their children will get them wrapped around their arms or legs, causing them to trip and fall, and perhaps pull over your displays in the process.

Washington State Farmers' Market Association (WSFMA),
<http://www.wafarmersmarkets.com/resources/canopysafety101.html>



Farmers' Market Manual

A Comprehensive Guide to Help Farmers' Markets Grow and Thrive

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MISSION

MFMA provides services, programs and leadership that support and promote farmers' markets across Minnesota.

VISION

MFMA envisions a community of vibrant, profitable and professionally managed Minnesota farmers' markets that:

- ◆ cultivates, nourishes and inspires a vibrant local foods community
 - ◆ provides accessibility to local farm fresh foods
 - ◆ allows local food producers to thrive and grow

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