



Port of Olympia Olympia

Special Joint Port Commission & City of Olympia Meeting

April 8, 2014

Olympia City Hall

601 4th Ave, Olympia

Farmers Market Presentation

STAFF CONTACT:	PHONE:	EMAIL:
Jeff Smith, Finance Director	360.528.8040	jeffs@portolympia.com

EST. TIME Sans Discussion: 10 minutes

Advisory Only

BACKGROUND/DESCRIPTION:

In April 2013 the Port and City of Olympia mutually agreed to amend the Lease memorializing the renegotiated terms for the property used for the Farmers Market of Olympia. Included in the Lease amendment, the parties agreed to engaging a third party to conduct a Best Practices Assessment of the Farmers Market, and further agreed that the cost for such assessment would be equally split between the Port and the City.

The purpose of the Best Practices Assessment was to provide the Farmers Market with comments related to their governing structure, business model and operating policies, and it would identify opportunities for the Farmers Market staff and its Board of Directors to consider for implementation. The Assessment would also point out practices that the Farmers Market is doing well. E.D. Hovee & Company, LLC was selected as the third party to conduct the Best Practices Assessment.

The purpose of this presentation is to allow Eric Hovee, Principal, an opportunity to inform the City Council and the Port Commission about the results of their work.

ATTACHMENTS:

Best Practices Assessment, *AT-A-GLANCE SUMMARY*

EXECUTIVE DIRECTOR APPROVAL: 

FINAL

OLYMPIA FARMERS MARKET BEST PRACTICES ASSESSMENT



Prepared for:

Olympia Farmers Market

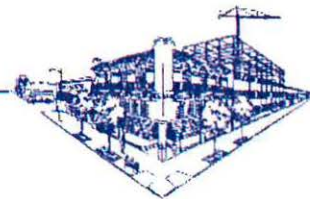
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City of Olympia & Port of Olympia

November 2013

E. D. Hovee & Company, LLC

Economic and Development Services



Olympia Farmers Market Best Practices Assessment

Prepared for:

Olympia Farmers Market
700 Capitol Way N
Olympia, WA 98501
(360) 352-9096

Sponsored by:

City of Olympia & Port of Olympia

Prepared by:

E. D. Hovee & Company, LLC
P.O. Box 225
2408 Main Street
Vancouver, Washington 98666
(360) 696-9870

In Cooperation With:

J Robertson and Company

November 2013

Note: Cover photo is by E. D. Hovee & Company, LLC.

AT-A-GLANCE SUMMARY

On behalf of the Port of Olympia, City of Olympia, and The Olympia Farmers Market (OFM), this report provides an assessment of *best practices* potentially applicable to OFM. Principal observations from this assessment are summarized as follows.

OFM Profile. Since 1975, OFM has aimed to provide a “dynamic market balance for small, local growers and others to make their products available to residents of this community.” The Market operates on Port property in a 60,000 square foot open-air structure built and owned by the City. The Market is solely responsible for ongoing operating sustainability.

OFM has been described as the only market in Washington State that is wholly vendor owned and operated. Market operations have been enhanced through contributions from the non-profit Friends of the Market organization.

Market attendance has been estimated at 250,000 per year. An estimated 200 participating vendors have access to 80 Market stalls.

Vendor sales revenues now exceed \$5 million annually, but with relatively flat revenue growth in recent years. OFM revenues were close to \$430,000 last year, well above the less than \$300,000 level of the late 1990s. However, recent income/revenue expense history appears somewhat variable; the Market went from a net budget surplus in 2011 to deficit in 2012.

OFM is recognized statewide and nationally as a good operation in a good location – and with a record of outstanding community engagement. While some stakeholders are content to leave the Market much as it is now, others see change on the horizon.

Growing the Market could potentially entail service enhancements to draw added visitation and repeat business, improved financial sustainability (without subsidy), and/or a long-term vision to strengthen OFM’s ownership position and control of the Market’s future.

Best Practices Review. This report reviews national trends affecting farmers markets and includes case studies of four diverse Washington state operations – in Bellingham, Pasco, Wenatchee and Vancouver (summarized on the next page).

Farmers markets are benefitting from increased consumer interest in buying fresh, organic and local. Mid-larger markets are responding to patron interests by experimenting with extended seasons, evening hours, and new or reconfigured market venues.

Established urban markets also may be more interested in securing sites for permanent and year-round facilities. While there is no single formula to market sustainability, organizations appear to perform best when “form follows function.”

Best Practice Opportunities. Outlined by this report for consideration with OFM and community stakeholders are potential opportunities in the areas of:

- *Vendor focus* – a current OFM strength but with a possible need for future adaptation to address changing vendor interests and options. Successful markets may be those that focus on their role as business incubators – to facilitate profitable vendor operations with the market as an integral component, but not necessarily the only focus, of each vendor’s business plan.
- *Patron responsiveness* – with opportunities potentially including extension of the operating season and of hours to include nighttime dining, shopping and entertainment – also possibly adapting some portion of facilities to weather protected, indoor venues.
- *Adaptive marketing* – transitioning from traditional media to the internet and social media including targeting of key customer demographics combined with market research to better ascertain customer needs and interests.
- *Business & financial management* – involving such actions as more rapid adjustment of rental rates to vendor space demand, extending annual revenue hours together with added product lines and customer offerings, evaluating utility and maintenance charge-backs, establishing internal contingency funding for operating reserves, re-evaluating changing patterns of operating expense including the current City O&M agreement, and securing added outside funding for operating and capital purposes.
- *Site control* – with consideration of options such as negotiating for OFM purchase of the market building from the City or transitioning to direct public ownership/management of facilities and operations – as through a Public Development Authority (PDA).
- *Organizational capacity* – with options across Washington state that include maintaining OFM as a vendor run membership organization, encouraging more non-vendor board representation, or transitioning to direct public operation. These decisions are best made based on a long-term vision before rather than during a future funding crisis.
- *Public-private partnership* – recognizing that most mid-large farmers markets require some form of partnership for sustained operations. The opportunity for expanded or new partnerships will become most apparent in the event that OFM moves forward with planning for future capital investment and associated facility improvements.
- *Community engagement* – specifically focused on the question of the public outreach role that the OFM organization takes vis-à-vis its direct public sector partners of the Port and City. The purposes of community engagement may change over time depending on changing market needs and priorities.

Best practices *recommended for priority consideration* are to experiment with and refine new customer venue opportunities, strengthen internet and targeted social media marketing, budget for contingency reserves with increased base rents and vendor cost recovery, and begin exploratory discussions with the City and Port as to best options for simplifying site control and funding responsibilities in advance of future major facility improvements.

Best Practice Case Studies. As part of this assessment, four case studies have been conducted for a diverse set of potentially comparable markets operating in Washington State. These markets have been selected both because of successful performance over time and because they represent a range of best practices – from governance to facilities to marketing – that may be of interest to OFM. A brief overview of the four markets is summarized below. Detailed case study information is provided with Appendix C to this report.

Bellingham Farmers Market (BFM):

- Operates from Depot Market Square, a year round and City-funded event facility (available for community rentals at times not in conflict with market operations)
- Predominantly vendor based board with City staff liaison
- Offers distinctive community education as with *Chef in the Market* (Market merchandise is sold on-line and vendor equipment rental is available; *Friends of the Market* donations ranging from \$25 - \$1,000 help to support special programs)

Pasco Farmers Market (PFM):

- Open-air farmers market with two covered pavilions – in operation for 25 years
- Operations shifted to the newly created Downtown Pasco Development Authority (with Advisory Committee of market vendors, DPDA director and business owners)
- In addition to PFM, DPDA operates Pasco Specialty Kitchen adjoining the market (with added roles for downtown festival marketing and façade improvement program)

Vancouver Farmers Market (VFM):

- Open air / in-street market adjoining downtown’s major public square (previously leased then pulled back from year-round indoor market space)
- Vendor board transitioning to 50/50 vendor/community representation
- Current market manager focused on *business incubator* opportunities (also targeted Facebook marketing with renewed interest in year-round facilities)

Wenatchee Valley Farmers Market (WVFM) & Pybus Public Market:

- 35 year WVFM relocated in 2013 opening to 7-day per week indoor Pybus Public Market (\$11.57 million public-private steel warehouse redevelopment next to downtown)
- WVFM and Pybus operate as separate non-profit organizations (with WVFM currently running an indoor Store plus outdoor seasonal market)
- Early combined success with increased sales for WVFM and strong restaurant activity (offset by higher costs for WVFM and uncertain sustainability for Country Store)

In-state farmers markets exemplify *best practice* pacesetters for organic/sustainable agriculture and public-private partnerships. Three of these markets participated in the state’s pilot wine and beer sampling program; Wenatchee’s Pybus Market operates with evening hours.