

## MEMORANDUM

**To:** Mayor and City Council  
City of Park Ridge

**CC:** Joe Gilmore, City Manager

**From:** Adam B. Simon

**Subject:** Farmers' Market

**Date:** August 10, 2017

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The purpose of this memorandum is to help the City and the Farmers' Market (the "Market") ensure that the operation of the Market is consistent with the City Code. This memorandum also presents the City with options for how to respond to the changes the Market has experienced, including: (i) amending the City Code to align the ordinance with established custom and practice of the Market, (ii) requiring the Market to operate in strict conformance with the City Code, or (iii) separating the Market from the City by requiring the Market to be organized as a not-for-profit organization. Options 1 and 2 are not mutually exclusive.

### Background

Article 12, Chapter 7 of the City Code, adopted by Ord. No. 2006-38 on May 1, 2006 (the "Market Ordinance"), governs the operation of the City of Park Ridge Farmers' Market. A copy of Chapter 7 is attached to this memo for your reference.

According to the Market Ordinance, the Market is a public service organized and operated by the City under the supervision of a Market Master, all subject to the direction of the City Council. The Market Master may or may not be a City employee and the Market Ordinance is silent in relation to how the Market Master is appointed. The Market Ordinance also describes the process by which the Market Master is to solicit vendors, charge for permits, issue or revoke vendor permits, and establish and enforce operating guidelines to protect public health, safety and welfare.

The Market is unique from an event such as the Taste of Park Ridge. The Taste is operated by a separate organization without direct ties to the City. The Market, on the other hand, is tied directly to the City through the Market Ordinance. These ties include

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a requirement that all Market revenues and expenses be managed consistent with the City's fiscal policies and procedures, including Article 2, Chapter 9 of the City Code, the Budget Policy.

Currently, the Farmers' Market is operated by two volunteers, Karen Grunschel and Jay Crowley. Karen and Jay serve as *de facto* Market Masters. The City has a separate account designed to hold Market funds, but Mrs. Grunschel and Mrs. Crowley have signature authority on that account. In operating the Market, they have developed several customs and practices that are unlike how other City funds are managed.

First, the Market has operated outside the regular budget and procurement process. Partly as a result of this independence, the Market has not broken even and has required the City to underwrite some expenses with taxpayer dollars (e.g. AT&T parking lot lease, which is in the City budget). In addition, despite the Market selling out its vendor permits for each of the last several years, the cost charged for a permit has not been enough to cover the Market's expenses. In short, the Market has not operated as a self-supporting enterprise and has required an increasing amount of taxpayer subsidization.

Second, the Market has begun to conduct "charitable" fundraisers to underwrite the cost of a food stamp promotion that helps underprivileged families by fresh food at the Market. For example, the Market partnered with Potbelly's to share the profits from the sale of sandwiches on a specific night. Jay and Karen have also done some door-to-door solicitation of donations. Based on direction from the City Manager and City Attorney, they have begun to be more transparent by explaining the money would be deposited to a City account, rather than with a 501(c)(3) organization.

Although the Market has been operated fairly independently, Jay and Karen have kept very good records to track their revenues and expenses. Moreover, they have expressed a willingness to conform to the direction of the City Council for the future operation of the Market.

### **Next Steps**

The first question to be addressed by the City Council is whether you want the Market to continue to be a public service provided by the City. If you do not we can direct the Market to begin the process of creating a separate entity that operates independently from the City and which needs to petition for public assistance and permits like any other civic organization. If you do, I have presented a series of questions for your consideration to help direct the future operations of the Market.

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*A. Should the Market be a self-sustaining enterprise?*

Should the Market break even, or what amount of taxpayer assistance is appropriate to ensure the City has a Market? The Market does have an impact on economic development by bringing visitors to the City. On the other hand, it is a discretionary public service the cost for which should be balanced against other public services. A policy should be developed and reviewed from time to time to help the City Manager and Finance Director control how much financial assistance the Market will receive.

*B. Who will be the Market Master?*

The City also needs to appoint a Market Master. Jay and Karen are willing to continue to volunteer to operate the Market, although there should be only one appointee unless the City Council amends the City Code to provide for two. The Code does not expressly describe any specific qualifications, but some factors to consider in designating the Market Master include: (a) operating experience and relationships with vendors, (b) expertise necessary to enforce food service regulations (e.g. §12-7-6 of the Market Ordinance), (c) labor expenses, and (d) the ability to establish and balance a budget.

*C. Which Department will supervise the Market?*

Similarly, we recommend that the City Council designate under which Department the Market will operate so there is a Department Head with authority to supervise the Market Master and help develop and manage the budget. The Department Head will also be responsible for identifying the estimated revenues and expenses of the Market so it can be included in the Department's annual budget. Furthermore, the Department Head will be able to exercise the purchasing authority delegated by and consistent with Section 2-9-9 of the City Code.

*D. Does the City Council want the Market to be granted any exceptions from the budgeting and procurement policies?*

Aside from the Market not breaking even, the operation of the Market has occurred without complaint under the general supervision of Jay and Karen. The vendor permits sell out and the Market is well patronized. Besides placing a limit on the amount of taxpayer subsidy, the City Council can elect to grant autonomy to the Market to preserve the status quo.

Based on the Council's answers to these questions, the City Attorney and City Manager can implement your direction, including (a) presenting a candidate to be appointed

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Market Master, and (b) drafting any applicable amendments to the City Code or a new Council Policy Statement.

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