FINANCE COMMITTEE AGENDA
A Committee of the Chico City Council: Councilmembers Wahl, Walker and Flynn, Chair
Meeting of December 21, 2010 – 8:00 a.m. to 10:00 a.m.
Council Chamber Building, 421 Main Street, Conference Room No. 1

REGULAR AGENDA

A. **Chico Certified Farmer’s Market Franchise Agreement Fees.** At its 11/23/10 meeting, the Finance Committee directed staff to meet with representatives of CCFM to try to reach mutual agreement on the implementation of a franchise fee for use of the space, similar in structure to the fee that is charged to vendors using City Plaza or other City park facilities. *(Report - Fritz McKinley, Building & Development Services Director)*

B. **Business from the Floor.** Members of the public may address the Committee at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Committee cannot take any action at this meeting on requests made under this section of the agenda.

C. **Adjournment and Next Meeting.** The meeting will adjourn no later than 10:00 a.m. The next regular Finance Committee meeting is scheduled for Tuesday, January 26, 2011, at 8:00 a.m. in Conference Room No. 1.
Finance Committee
Agenda Report

Meeting Date: December 21, 2010

TO: Finance Committee

FROM: Fritz McKinley (879-6901)
Building & Development Services Director

RE: CHICO CERTIFIED FARMER’S MARKET

REPORT IN BRIEF:

At its November 23, 2010 meeting, the Committee considered whether to recommend that the City Council implement a franchise fee for Chico Certified Farmer’s Market (CCFM) for the use of Parking Lot 1 for the Saturday market. The Committee directed staff to meet with representatives of CCFM to try to reach mutual agreement on the implementation of a franchise fee for use of the space, similar in structure to the fee that is charged to vendors using City Plaza or other City park facilities.

Recommendation: Should the Committee wish to recommend that the Council consider implementing a franchise fee for CCFM, staff recommends that the fee be structured as a per vendor, per event surcharge of 10% of the rate the vendor pays to participate at the event.

FISCAL IMPACT:

Estimated impacts associated with negotiating a revised franchise include costs in staff time needed to prepare and process the necessary modifications to the franchise agreement with CCFM. A 10% per vendor surcharge applied to the Saturday market would equate to an estimated $6,250 annually, which would be revenue to the General Fund. The funds generated could be used for a range of purposes in the downtown to be determined through the annual budget process.

BACKGROUND:

Presently, the annual franchise fee for the CCFM is the Downtown Parking and Business Improvement Area assessment applicable to the market operation, which the City collects on an in-lieu basis and forwards to the DCBA. The in-lieu fee for 2010-11 is $144, and it has been this amount for the past four years.

Staff contacted Davis, Redding, Sacramento, and San Luis Obispo. Except for Davis, which charges an annual $1,000 license fee and requires the market to pay for electricity and trash collection, none of these communities charges a fee for use of city property or right-of-way for farmer’s markets. All require individual vendors to obtain business licenses and seller’s permits (for taxable sales). The rationale for not charging a use fee is that the market activity brings customers Downtown and a general level of vitality that benefits the Downtown district as a whole.

DISCUSSION:

Staff met with representatives of CCFM to discuss the Committee’s desire to implement a vendor surcharge in the same manner as applies to event organizers using Chico City Plaza or other City park facilities. Pursuant to the City of Chico Fee Schedule, event organizers staging events in park facilities are required to pay a fee of $5.50 per vendor to the City in addition to other use fees. If applied to the Saturday market, and assuming an average of 50 vendors per week, the CCFM would pay approximately $13,750 annually for use of Parking Lot 1.

CCFM believes that a surcharge for use of Parking Lot 1 is not appropriate given the costs and effort CCFM already incurs each week to make the space suitable for a market event. CCFM pays approximately $6,000
annually for portable restrooms, spends significant time cleaning the lot in advance of the market set up each week, and cleans the lot at the end of each market day. Cars often remain in the lot from the prior night and the market must set up around them as they do not have the vehicles towed. CCFM's position is that a surcharge to users of the City Plaza and other park facilities makes sense because the City provides restrooms, cleaning and maintenance, but the City does not provide these same services for Parking Lot 1. CCFM did indicate in the meeting with staff that its membership might be more receptive to a use fee paid to the City if the fee were to be dedicated to making improvements to the parking lot for its market event, or used toward providing a long term solution or facility to house markets like the Saturday market.

Should the Committee decide to recommend that the City Council introduce a per vendor surcharge, staff recommends that the fee be structured in a way to ensure vendors are treated equally. A surcharge that is a fixed percentage of the fee the vendor pays to the organizer would accomplish this. Saturday market vendors pay $25 to CCFM each week for vending space. For the CCFM, a 10% per vendor surcharge would equate to approximately $6,250 annually, assuming an average of 50 vendors per week.

PUBLIC CONTACT:
The DCBA and CCFM were notified in writing of today’s meeting, in addition to the distribution listed below.

Reviewed by: [Signature]
Fritz McKinley
Building & Development Services Director

Approved by: [Signature]
David Burkland
City Manager

DISTRIBUTION:
City Clerk (17)
Terry Givens, CCFM, PO Box 880, Durham, CA 95938
DCBA, 330 Salem Street, Chico CA 95928
Juanita Sumner, PO Box 8995, Chico, CA 95927
Becky Barnes-Boers, 1271-B East Eighth Street, Chico, CA 95928

ATTACHMENT:
Letter from CCFM

FILE:
CCFM
December 15, 2010

Chico City Council Finance Committee
City of Chico
P. O. Box 3420
Chico, CA 95927

Dear Finance Committee members,

The Chico Certified Farmers’ Market (CCFM) is very concerned about the proposals to increase the fees that the CCFM pays to the City of Chico. We recognize that the fee we do pay is modest however it is consistent with what other groups pay for essentially the same franchise. In addition, this is the only fee we pay for any of our markets with the exception of a small bathroom cleaning fee paid to the Paradise Alliance Church in Paradise in lieu of portable bathrooms. We believe that maintaining this consistency is important.

We would like to point out that the area that we rent is essentially a little used parking lot on Saturday mornings and it provides almost nothing in the way of amenities. To list a few of the problems associated with the use of this lot should help you have a better perspective on the value of the rental area.

The bars are the root of many of the problems as numerous vehicles are left in the vendor areas every Friday night. Along with the cars comes every sort of trash associated with the Friday activities in the area. Beer cans, broken bottles, vomit, urine puddles, dumped cigarette butts, clothes of every sort and we could go on. These two serious problems seriously restrict our activities. Although the City of Chico cites the cars left in the parking lot, they are not removed and we are forced to limit vendor spaces and confound unloading and loading of produce and parking for vendors. We do all the cleanup we can when we arrive as none of the aforementioned items make for a conducive sales area for our vendors and customers. The City of Chico has never provided any cleaning service, however we are happy to do it for free.

There are no public bathroom facilities in this area and we quietly and with no questions pay for monthly rental of the port-a-potty facilities needed for a properly functional market area. The City has never offered any help however we are happy to pay the rent every month on our own.

Finally, of all the vendor areas in downtown, the plaza, the city streets used by DCBA for the Thursday night market and other smaller lots, the one we use is in the worst condition of all. In spite of recent efforts to fill and level what were serious potholes several years ago, the level of
the lot is bad at best and when there is any rain at all several large puddles take out 10-20% of the customer walk areas. This is in addition to the generally poor drainage in the lot in the first place.

There is no cover for vendors or electricity to preclude the need for generators. These are some things that many other cities are providing for Farmers’ Markets across the country. In almost all cases these are provided for free. There is a reason for that.

The CCFM and most other downtown Farmers’ Markets across the country provide a valuable asset to the community and in particular, downtown areas hit hard by big box stores and malls built by cities outside the inner core. Surely we realize that Saturday morning is a big shopping day but in most cases people are off to the box stores and the mall where there is lots of free parking. Downtown stores and restaurants benefit greatly by the increase of 3000-5000 people coming to downtown every week for the Farmers’ Market. We would love to increase those numbers even more.

This brings us to a suggestion for future discussions of CCFM Farmers’ Market and other similar events. We would really like to see the City and the community work together to develop a more appropriate situation, or facility that could house regular markets our size, to continue to encourage people to eat fresh, local foods, and shop in the convenient and centrally located downtown areas. We believe we do a great service to the businesses of downtown and the City of Chico and we look forward to finding ways to make it even better.

And finally, please keep in mind that fees are really no different in the eyes of the public from taxes. Any fee increase will be passed on to the consumers who are benefitting from the great local foods we provide. Essentially it is a tax on our organization, passed on to the small farmers, and on to the food they provide to the community. In the current economy nobody wants to see taxes raised on small business, farmers and food.

Sincerely,

Allen Harthorn, President
Chico Certified Farmers’ Market