

**Source:**  
**Mike Hood**  
  
**FISCAL NOTES:**

**TO: City Council**  
**FROM: City Manager and Staff**  
**DATE: February 9, 2009**  
**RE: Farmer's Market – Request for Long Term Lease**



City Fiscal Impact	
Enter all that apply:	
\$2,100	City's current net FY revenue.
\$2,100	Amount of Funds Already appropriated
\$0	Amount of budget amendment needed
\$0	Estimated 2 yr net costs: One-time
\$0	Operating / On-going
Program Impact:	
N	New program/ agency (Y/N)
N	Duplicates/expands an existing program (Y/N)
N	Fiscal impact on any local political subdivision (Y/N)
Resources Required:	
N	Requires add'l FTE personnel? (Y/N)
N	Requires additional facilities? (Y/N)
N	Requires additional capital equipment? (Y/N)
Mandates:	
N	Federal or state mandated? (Y/N)

**EXECUTIVE SUMMARY:** The Park and Recreation Department has received a letter (see attached) from Sustainable Farms and Communities (SF&C) requesting a review and possible revision of the current Memorandum of Understanding between the City and their organization regarding the development of a permanent Farmer's Market facility. SF&C is now seeking a long term lease of the City's property located at the intersection of Ash and Clinkscales. This site is currently being leased on an annual basis to house the Farmer's Market. Such a long term lease arrangement would be similar to the original lease agreement entered into with SF&C in March of 2002. That agreement expired in the Spring of 2005 as no construction of a permanent facility had been initiated. Staff is seeking Council direction as to whether staff should proceed with negotiations with SFG&C to draft such a long term agreement for Council consideration.

**DISCUSSION:** In June of 2007, the Council entered into a Memorandum of Understanding with SF&C regarding the construction of a permanent structure for the Farmer's Market. That memorandum outlined an agreement whereby SF&C would raise funds (goal was \$900,000) which would be donated to the City for the purpose of constructing a permanent Farmer's Market facility. The facility would have been developed, operated, and maintained by the City. SF&C was

guaranteed priority use of the facility for the traditional Farmer's Market season. The memorandum established a two year time frame for raising the funds. At the end of the two year period (June 2009) if the funds have not been raised, both parties have the options of either continuing, modifying, or ending the agreement.

Representatives of SF&C have now approached the Park and Recreation Department (see attached letter) about ending the arrangements outlined in the Memorandum of Understanding and instead negotiating a long term lease agreement for use of the property. Under the terms of the long term lease, SF&C would raise funds, construct, operate, and maintain the Market facility. In return for providing the land, the City would be guaranteed priority use of the facility on non-market days.

Such a long term lease would be very similar to the initial lease entered into between the two entities in March of 2002. That agreement provided for a 30 year lease of the property with the option to renew for three five year periods, a total of 45 years. The lease also included a requirement that the funds for Phase I of the development had to be raised and construction initiated within three years of the signing of the agreement. As, by the Spring of 2005, no construction had been initiated, the Council voided the long term lease and has since that time approved the continuing use of the property on an annual lease basis. A resolution approving the lease of the property for the 2009 season will be placed on the February 16<sup>th</sup> Council agenda to

allow the Market to continue to operate pending the resolution of this request for a long term lease.

**FISCAL IMPACT:** Negotiating a long term lease that would provide the Farmer's Market with the opportunity to raise the necessary funds to construct a permanent facility should not have any immediate, significant impact on the City's budget. SF&C currently pays the City \$2,100 per year to lease the property on an annual basis. A negotiated long term lease would also have a provision for annual lease payments of at least that amount or more. Should SF&C be successful in their fund raising efforts and complete the construction of a permanent market facility, they would be responsible for the operation and maintenance expenses of the facility.

**SUGGESTED COUNCIL ACTIONS:** If the Council concurs that the City should consider providing a long term lease as per SF&C's request, a motion should be passed directing staff to enter into negotiations to draft such an agreement. The draft agreement would be brought back to the Council for review and approval via an ordinance officially authorizing the proposed agreement.



# Sustainable Farms and Communities

## *Local Foods for Local Folks*

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January 28, 2009

Mike Hood  
Director Parks and Recreation, City of Columbia  
Bill Watkins  
City Manager, City of Columbia  
Columbia Parks & Recreation  
1 South 7th St  
Columbia, Missouri 65201

Mike,

Per our conversation, Sustainable Farms and Communities (SF&C) is requesting an early review of our past arrangements with the City of Columbia regarding the lease for the Columbia Farmers Market as well as the construction of the Pavilion.

SF&C is seeking a long-term lease, preferably 99 years, for securing a permanent home for the Columbia Farmers Market and the future SF&C educational programs and events for the residents of Columbia. In turn, SF&C will raise the capital to build the proposed Farmers Market Pavilion and retain ownership and management of the facility. The City of Columbia will be guaranteed priority use of the pavilion space for its programming needs on non-market days.

### Issues Driving This Request

A. NAP Credits - Donors to the capital campaign are insisting that SF&C offer NAP credits for their donations. While SF&C applied for NAP credits, it was turned down due to the details of the former plan which allowed the pavilion to be built and then given to the City of Columbia. The state viewed this as a pass through to the city and not appropriate for NAP credits. The state has told SF&C that should this new proposal be approved and ownership of the building reside with our nonprofit, they will immediately consider the project for NAP credits.

B. Major Donors – Donors of large and small gifts alike have expressed a preference that this agreement reflect a true partnership with the city and SF&C. They would like the city to be our partner in a long-term lease, but have SF&C retain and manage the pavilion. This will promote a greater level of donor interest and allow the campaign to progress.

C. Facilities Management – This agreement will allow for the rental, management and care of the pavilion to be the responsibility of SF&C and not the taxpayers of Columbia or city staff.

D. Other Funding – Only with the proposed arrangement will the opportunity exist for long-term funding of the programs and outreach SF&C and its partners hope to offer residents of Columbia. Foundations, federal and state grant making agencies and others will be much more likely to fund the activities proposed under the umbrella of a long-term lease, which offers security for their investment.

E. There are many details to work through, but we are confident that the overall plan presented in this letter is the best arrangement for the long-term sustainability of the Columbia Farmers Market.

#### Current Status of the SF&C Campaign

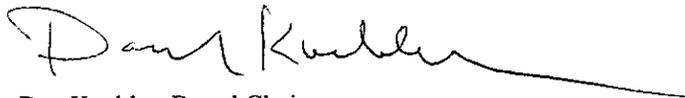
A. To date, SF&C has raised over \$200,000 with its grassroots campaign run by volunteers. Recognizing that the steering and advisory committees, design plans and marketing materials are now in place, the Board of SF&C has hired a professional development director to manage the rest of the capital campaign and see the pavilion to fruition. He began working for SF&C in December 2008.

B. Both the advisory and steering committees are in place and are currently meeting with prospects for lead gifts. This will be followed over the next few months by a corporate giving campaign and city-wide grassroots effort as well. All indications are that we will realize a majority of the funds necessary for Phase I raised this year.

C. We have also begun negotiations with several departments at the university to create an even more dynamic and responsive partnership. The university is interested in becoming a partner in the building of the pavilion, as well as in educational programming at the facility once it is built. It is the intention of SF&C to leverage its partnerships to provide outreach, educational opportunities and unique programming for area public school children to foster healthier choices and activities for our youth and families.

D. The board and staff of SF&C acknowledge and appreciate the continued support of the City of Columbia. Further, we understand that any such agreement will need to have an option for terminating the long-term lease agreement should certain benchmarks not be realized. We are willing and eager to work with city officials to reach agreements on this and other points of contention with the understanding that our common vision is to bring this agreement forward.

With Regards,



Dan Kuebler, Board Chair  
Sustainable Farms and Communities