

# Starting an Alberta Approved Farmers' Market



Alberta

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## Starting an Alberta Approved Farmers' Market

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As with starting any business venture, starting a farmers' market in your community requires careful planning. Typically the process involves several individuals, such as producers, consumers, community groups or a combination of groups. No matter who initiates it, the planning process takes time and should be comprehensive to achieve a successful market.

The success of your market depends on gaining community support. Community support is more than just getting potential customers on side. It may also include convincing other community businesses that a farmers' market can have a positive economic influence on their businesses. Surveys show that consumers who shop at a farmers' market also spend money in the community on gas, restaurants and groceries they couldn't get at the market. Vendors and employees of vendors also spend money in the community. All of these contribute to a positive impact on the local economy.

## Becoming an Alberta Approved Farmers' Market

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There are a number of steps you must take in order to start an Alberta approved farmers' market. The first step is to get "approved." Alberta Agriculture and Rural Development (ARD) grants "approval" status for farmers' markets in the province under the Alberta Approved Farmers' Market Program (the Program). Being an approved market is voluntary and is one of the decisions that needs to be made during the planning stage. An approved market is not necessarily better than a public market (one that chooses to operate outside the Program); it is simply different.

There are certain benefits to being an approved farmers' market:

- All markets follow the same guidelines thereby strengthening the markets, reducing conflicts and setting minimum standards for consistency across the markets.
- Approved farmers' markets are able to take advantage of Part 3 of the *Alberta Public Health Act* Food Regulation (found online at [www.qp.gov.ab.ca/](http://www.qp.gov.ab.ca/)) which allows for vendors to produce their food products in home kitchens. Approved farmers' markets are the only venues in Alberta that allow for the sale of home produced food products.
- Alberta food producers and processors have preferential access to approved farmers' markets.
- Approved markets are connected to a province-wide communication and administration network.
- Customer recognition of "Sunnygirl" markets results in an expectation of quality.
- Decisions are made at the local level (i.e. boards, managers) which strengthens market rules overall.
- Alberta approved farmers' markets are allowed to use the Sunnygirl logo in their advertising and promotions. The Sunnygirl logo is an official mark held by the Government of Alberta. This logo helps the consumer identify that the market is approved and they are affiliated with a chain of high quality markets offering Alberta-produced products that consumers can trust.
- Sponsors, managers and vendors have access to the ARD Farmers' Market Specialist and Explore Local staff who offer marketing expertise and links to other government departments and agencies.



- Many approved markets seek to “discover” new vendors wanting to use the markets for business incubation and test marketing.
- Approved markets are allowed to become members of the Alberta Farmers’ Market Association.

A public market is generally one that is privately owned and includes all types of operations, including flea markets. Public markets often have for-profit ownership with no requirement for an advisory body or board of directors. At a public market, each food vendor must have an individual food permit and produce their food products in a health-approved facility/commercial kitchen. Most municipalities require each vendor at a public market to have a business license, whereas often only a single license is required for the approved farmers’ market because of its non-profit status. A public market does not receive any of the above noted benefits enjoyed by an approved farmers’ market.

Markets wishing to obtain approval under the Program must complete an ARD Approved Farmers’ Market Program application form (found online at [www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/all/apa6620/\\$FILE/ApplicationFormMay2013.pdf](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/all/apa6620/$FILE/ApplicationFormMay2013.pdf)) and be able to demonstrate that the proposed market will meet the guidelines (found online at [www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/all/apa2577](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/all/apa2577)). Applications are evaluated on the following points:

- Proof of non-profit status: The proposed market must be sponsored by a non-profit community group and set up as a sub-committee of their organization OR attain non-profit society status under the *Societies Act* OR attain new generation co-operative status under the *Cooperatives Act* (see below for more information about non-profit options).
- A manager or “point” person is identified who is willing and able to meet the learning and training requirements of this position and to maintain the documentation required to meet the guidelines on an annual basis (see below for more information about the market manager).
- A board of directors (if it’s a non-profit society) or advisory committee (if sponsored) is identified.
- A location must be secured and a day and time chosen. An approved market must operate for a minimum of 10 days per year and two hours per market day (see below for more information about selecting an appropriate location, date and time).
- A minimum of 10 vendors is required, with at least eighty per cent (80%) consisting of Alberta residents selling Alberta products which they, an immediate family member, a staff member or a member of a producer-owned cooperative have made, baked or grown. The remaining twenty per cent (20%) of the vendors can sell commercial or resale products which complement the market mix. Used or flea market items are strictly prohibited. A sample vendor application can be accessed at [www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/All/apa6620?opendocument](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/All/apa6620?opendocument) under the How Do I Start... section. Customize this document to meet your market needs.
- Proof of liability insurance for the market is required. This can be a condition of approval so that markets are not purchasing insurance before they know they are able to operate (see below for more information about selecting insurance).
- Market rules must be developed and included with the application form. Sample market rules can be accessed at [www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/all/apa6620/\\$FILE/Sample\\_Market\\_Rules.pdf](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/all/apa6620/$FILE/Sample_Market_Rules.pdf). It contains a list of potential areas to consider but you will need to phrase your rules according to your situation. Simply delete those items that don’t apply to your market situation.

- A satisfactory business case must be included (see below for more information about the requirements of the business case).
- A minimum of three letters of support from the community must accompany the application.

There are two steps in a market approval:

1. Approval by ARD that states the market has met the minimum requirements laid out in the guidelines; and
2. A farmers' market food permit issued by Alberta Health Services (AHS).

You **must** have both of these in order to operate as an Alberta approved farmers' market.

If the food permit is revoked by AHS for any reason, approval status is automatically revoked and vice versa.

## Not-For-Profit Business Options

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### Market Sponsorship

Having your market sponsored by a local non-profit community group is one way to satisfy the non-profit status requirement. One of the following can act as a sponsor:

- a registered not-for-profit community organization or group,
- a registered chamber of commerce,
- a municipality, or
- an agricultural society formed under the *Agricultural Societies Act*.

In all cases, there should be a mutually beneficial relationship between the market and the sponsor. With the sponsor's assistance, the market has stability and ongoing support. In return, the sponsor is able to increase its visibility in the community.

The farmers' market is a **committee** of the sponsoring organization. All activities and financial transactions must be reported in the sponsor's books according to the legislation that applies to the sponsor. Sponsors are **actively** involved in providing direction to the overall operation of the market. This includes but is not limited to:

- providing a board member to be the liaison between the farmers' market advisory committee and the sponsor's board of directors;
- overseeing the operation of the approved farmers' market;
- helping establish the rules and processes of the approved farmers' market, ensuring vendors have meaningful input into the formulation of the operating rules and processes;

- the recruitment, selection, performance review and discipline of the market manager;
- determining and/or advising on the remuneration of the market manager;
- encouraging and financially supporting yearly educational opportunities for the market manager so as to further his/her professional development;
- encouraging vendor participation on the market executive;
- ensuring records required by the Program to keep the market in good standing are maintained and submitted;
- ensuring accurate financial records are maintained in accordance with the sponsor's required financial reporting;
- ensuring the approved farmers' market and its vendors adhere to all legislation and regulations; and
- ensuring the approved farmers' market is either insured or indemnified against liability.

**The sponsor is ultimately responsible and accountable for the activities of the approved farmers' market.**

## Non-Profit Society

Forming your own non-profit society is another option. Societies are governed by the *Societies Act* which can be found online at: [www.qp.gov.ab.ca/](http://www.qp.gov.ab.ca/). Click on Laws Online/Catalogue in the top bar and use the search engine to find the *Societies Act*.

There are several steps to forming your own non-profit society which are clearly outlined on the Service Alberta website: [www.servicealberta.gov.ab.ca/716.cfm](http://www.servicealberta.gov.ab.ca/716.cfm).

In addition, Service Alberta has developed an online tip-sheet which deals with forming a society, annual requirements and dissolution. It can be found at [www.servicealberta.gov.ab.ca/716.cfm](http://www.servicealberta.gov.ab.ca/716.cfm) under Quick Links on the right sidebar.

Bylaws are the laws governing the internal rules of the society and describe how the society will operate. They do not describe day-to-day operations of the market. Bylaws are required to form a society. A sample copy of society bylaws can be found online at: [www.servicealberta.gov.ab.ca/pdf/Forms/Society\\_Bylaws\\_re-entered\\_\(2\).pdf](http://www.servicealberta.gov.ab.ca/pdf/Forms/Society_Bylaws_re-entered_(2).pdf).

Occasionally, society members disagree on how to handle internal matters. Neither ARD nor Corporate Registries supervise the conduct of societies, nor do they provide a counseling service on matters other than forms and the documents filed with them. Societies must be prepared to resolve their own internal disputes. To ensure that internal disputes are handled fairly, Corporate Registries recommends including a bylaw outlining an arbitration procedure.

Your society must send a completed annual return to Alberta Corporate Registries every year before the last day of the month following your anniversary month. You must also inform Corporate Registries of bylaw amendments and address changes. All forms can be found on the Service Alberta website: [www.servicealberta.gov.ab.ca/847.cfm](http://www.servicealberta.gov.ab.ca/847.cfm).



## New Generation Cooperative

A cooperative is a legally incorporated business arrangement that provides for the control of the business by its membership. A new generation cooperative (NGC) is a form of business arrangement that encourages agricultural producers and processors to expand the scope of their businesses.

Legislation governing the NGC business model is found in Alberta's *Cooperatives Act* found online at: [www.qp.gov.ab.ca/](http://www.qp.gov.ab.ca/). Sections specific to the NGC can be found in Part 18, Division 4, Sections 422 to 430. There are also corresponding regulations that must be adhered to.

There are some key attributes of NGCs that are consistent with all co-ops:

- NGCs are controlled by their membership using the principle of one member, one vote.
- Earnings are distributed to the members based on patronage.
- The board of directors is elected by the membership.

However, there are several characteristics of NGCs that differentiate them from traditional co-operatives:

- NGCs may issue designated shares which carry delivery rights and obligations.
- Individuals (members and non-members) may hold higher levels of equity through the purchase of investment shares.
- Membership may be restricted to designated shareholders.
- In Alberta, NGCs are applicable only to agricultural ventures, and the word “co-op” or “co-operative” does not necessarily have to appear in the name of the venture.

In general, NGCs are typified by restricted, project-oriented enterprises which require significant investments from their members, and a membership which strives for increased profits and return on capital through this investment.

The paper, *New Generation Co-ops: Alberta's Newest Option for Agriculture Business*, prepared by Corbett Smith Bresee LLP, an Edmonton legal firm, provides an excellent and comprehensive overview of setting up an NGC in Alberta. It can be found online at: [www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/bmi6646/\\$FILE/new-gen-coop-alb-newest-option.pdf](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/bmi6646/$FILE/new-gen-coop-alb-newest-option.pdf).

The new generation cooperative business model operating on a reduced profit basis is allowed under the Alberta Approved Farmers' Market guidelines. This model allows for the accumulation of capital funds for the purpose of large capital expenditures and, as such, is ideally suited for those markets wanting to own their own permanent facilities.

New generation cooperatives are not for everyone. When compared to traditional business arrangements, NGCs may seem complicated and expensive to set up, manage and maintain. Each market would develop their structure differently depending on the needs of the market, so there is no standard format to follow. It is advisable to contact a lawyer who specializes in cooperatives to assist you in setting up this business model for your market. This person will help you determine if the NGC model meets the needs of your market and will ensure that all aspects of the legislation and corresponding regulations are adhered to during the set-up of the NGC. You will also be advised of any legislative requirements you need to meet on an ongoing basis.

## Market Manager

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The farmers' market manager is one of the most critical roles in the market, requiring some very specific skills and knowledge. This person is the liaison with the board of directors, the vendors, ARD, the public health inspector and other regulatory agencies.

A job description should be developed for your market manager so that everyone is clear about duties and responsibilities. A sample market manager job description has been developed and can be customized to meet the needs of your market. It can be found online at: [www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/all/apa6620/\\$FILE/Market\\_Manager\\_Job\\_Description.pdf](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/all/apa6620/$FILE/Market_Manager_Job_Description.pdf).

One of the primary roles of the market manager is enforcement. The manager enforces market rules, ensures the guidelines are adhered to and ensures vendors are compliant with legislation. ARD has developed an online market manager training manual that clearly describes the roles and responsibilities of the manager as well as basic information about legislation that applies to the market and its vendors. This home study course is mandatory for all approved farmers' market managers within one year of becoming a manager of an approved farmers' market. It can be found online at: [www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/explore13545](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/explore13545).

The safety of the food being sold at approved farmers' markets is critical to the success of farmers' markets in Alberta. ARD is committed to ensuring market managers and vendors have a minimum level of food safety training. Working in partnership with Alberta Health Services and Alberta Health and Wellness, a farmers' market food safety home study course was developed and is available on the Alberta Health Services website - [www.calgaryhealthregion.ca/publichealth/envhealth/education/documents/Farmers\\_Market\\_Home\\_Study\\_Course\\_June\\_2012.pdf](http://www.calgaryhealthregion.ca/publichealth/envhealth/education/documents/Farmers_Market_Home_Study_Course_June_2012.pdf). ARD requires that all market managers and food vendors selling at Alberta approved farmers' markets complete this course within one year of becoming a market manager or food vendor.

Some markets do choose to operate without an official market manager, rather dividing the responsibilities up among the various board members. While this is acceptable, there still must be a single point of contact for ARD and the public health inspector. This person will also be required to take the market manager training and food safety home study course.

## Location of Your Farmers' Market

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A critical driver behind a successful farmers' market is a good location. In Alberta, approved farmers' markets can be found in many different types of locations: indoors, outdoors, in halls, malls, arenas, parking lots, agriplexes, retro-fitted buildings, rec centres, on the street, etc. Some are in permanent facilities that allow the market to operate year-round while others only allow for seasonal usage since they are located outside or in a building that has another use in the colder months. It is important when choosing a site to look at all possible locations and then outline the positive and negative features of each site.

### Things to consider when selecting a site:

- **Size:** How many tables/stalls will the site accommodate? Is there room to increase the existing number of vendors? If your size is limited, is there a way to reconfigure the layout of the stalls to be able to increase the number of vendors?

- **Centrality:** Is the site central to where your potential customers live, work and shop? If it isn't central, is there public transportation available so that customers who don't drive can still attend the market?
- **Transportation:** As noted above, some of your customers won't be able to drive so alternatives need to be available to them. For example, if seniors make up an important component of your target audience but the market is not within easy walking distance of where the seniors are located in your community, is it possible to rent a van each week to transport seniors to the market?
- **Parking:** Is there ample parking? The rule of thumb is 2 – 3 stalls per vendor. Is the parking lot paved, on grass or gravel and what impact will there be when it rains?
- **Surface cover/flooring:** If indoors, is the market on a cement surface, tile or hardwood? If the market is outside, is the surface paved, gravel, on grass, etc.? And what is the impact when it rains? Consult with Alberta Health Services for outdoor surfaces that are not recommended/viable for a farmers' market.
- **Water:** Potable water must be available for your vendors.
- **Restrooms:** Restrooms for vendors and customers must be available within the area.
- **Cost:** Is the facility provided by your sponsor at no cost or is there a weekly/seasonal fee or a long term lease?

## Day and Time

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Choosing the most appropriate day and time can be two of the most critical decisions you will make about the market. It is important to consider when the markets in the area are operating. Vendors often attend multiple markets so you want to set your day and time so you will be able to attract the optimal vendor mix. You also need to consider the demographics of your target audience and when that target audience is able to attend a market. Is it during the day, the evening or on a weekend? It is important to remember that a convenient day or time for your vendors may not be the same for your customers. Consider consulting with both before making a final decision.

ARD **must** be notified of all changes in the location, day and time, management or sponsorship of an approved farmers' market in order for the market to retain its approved status.

## Insurance

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All approved farmers' markets, regardless of size, must obtain liability insurance. Failure to obtain insurance will lead to the market approval status being revoked. A valid certificate of insurance must be sent into ARD each year.

A common misconception is that vendors are covered by the market insurance policy. This is **NOT** true and vendors should be encouraged to carry their own liability insurance policies. More and more markets are requiring their vendors to provide proof of liability insurance before they are allowed to participate. Talk with your insurance carrier about the risks to the market of not requiring vendors to have insurance.

The Alberta Farmers' Market Association (AFMA) and the Western Financial Group in Vegreville have partnered to offer a group policy for farmers' markets and vendors who are members of AFMA. For more information, visit their website: [www.albertamarkets.com/](http://www.albertamarkets.com/) and click on the Members tab.

## The Business Case

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A business case captures the reasoning for initiating a project or task. Typically it is presented in a written document. A business case is needed when planning and developing a farmers' market because you want to ensure your plans are in support of a specific business need that will require resources such as money and time. The following list describes some of the considerations when developing your business case for your farmers' market. Note that a written business case is required when submitting an application for an approved farmers' market.

- Vision and goals for the market
  - A **vision statement** for the market describes what you would like to achieve in the mid-term (3 - 5 years) or long-term (5 - 10 years). The vision statement talks about what you hope the market will offer to the community, consumers and the vendors so that all benefit from the market and it serves as a clear guide for choosing courses of action.
  - How does the vision for the market fit the mandate of the sponsoring organization, if applicable?
  - Your **goals** can be either long-term or short-term and support the vision. Short-term goals detail what you hope to accomplish in the next few months or year while long-term goals will have interim milestones identified.
- Role in the community
  - Describe the benefits to the community, an assessment of the pros and cons of having the market as well as any potential risks that you foresee.
  - Describe the results of any consultations you have done with community and business leaders.
- Target audience/customers
  - Who is the target audience? Describe their demographics.
  - How do you know if there is customer demand for the proposed market? Engage with your potential customers by holding a meeting, asking them to fill out a written survey or by using social media such as Facebook.
  - Will the target audience find the market day, hours and location convenient?
- Population
  - What is the population of your community and the surrounding area? Is it sufficient to support a market(s)?
  - If the proposed market is operating on the same day as another market in the area, either approved or public, describe how the population in the trading area is sufficient to support multiple viable markets.

- Vendors
  - Have you identified and secured vendors for the proposed market? Have you consulted with potential vendors during the planning stage?
  - Describe how new vendors will be recruited. Also describe your plans for ensuring an appropriate product mix for the market.
- Promotions
  - How will the proposed market be promoted to your target audience? Will you use flyers, posters, radio or print advertising, website, social media, etc.?
  - Will you develop a customer newsletter to keep customers informed about upcoming events at the market?
  - If the market is in “competition” with another market, how will you differentiate your market in your promotions?
- Sponsor
  - Describe the role of the sponsor in the proposed market, if applicable. Some sponsors choose to be very hands-on and are actively involved in the running of the market while other sponsors choose to appoint an advisory committee to run the market and have the committee liaison report back to the board of directors. Keep in mind that the sponsor is the entity that is **accountable** and **responsible** for everything that happens in the market, regardless of their level of day-to-day involvement.

## Budget

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You want to ensure you have sufficient finances to start and continue the market so developing an annual budget is crucial. Some budget categories to include:

- Accounting fees
- Advertising/promotion
- AFMA membership fee
- Bank charges
- Business license
- Insurance
- Manager’s professional development
- Manager’s salary/honorarium
- Signage rental or purchase
- Table rental or purchase
- Venue rent

## **For More Information**

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For more information about the Alberta Approved Farmers' Market Program or how to apply to become an approved farmers' market, contact:

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