



CHAPTER THREE

Drafting Official Documents for a Farmers Market

Taking time to draft, revise and approve official market documents is invaluable to the health of a new or developing market. Yet, this task can seem overwhelming. Rather than encourage new markets to start from scratch, SDSU Extension conducted focus groups with experienced market managers from South Dakota to gain insight into the needs within the state. The process of drafting these documents was discussed at length. The market managers made recommendations and suggestions for new or developing markets.

Based on their experience, rules, topics, and documents were suggested. The process for drafting market rules, market bylaws and a vendor application form are explained within this chapter.

To make this chapter truly practical for farmers markets, there are appendices that coordinate with each document. The appendices contain sample market rules, bylaws, and vendor applications. The samples were collected and modified from farmers markets in the Midwest.

Read this chapter to gain a general understanding of why each rule or by-law may be necessary and to learn how it is applied. Then, use the appendices to create documents that fit the needs of your market.

Market Rules

It is strongly recommended that new and existing farmers markets draft rules to govern the daily operation of the market. Although every market participant hopes that such a document will be unnecessary, it can be a useful tool if and when conflict arises. A positive way to regard this set of rules is to consider the purpose: to clearly communicate the expectations of all persons, including vendors, patrons, and managers, at the market. Drafting rules for the market will create order and help maintain peaceful relations among

market participants (1). Several South Dakota markets began without a set of market rules, but within the first selling season the groups regretted the decision and began drafting rules.

The rules are divided into three sections: operational, regulatory and product. This basic structure provides a flexible outline that can be tailored to each market. Refer to the Draft Market Rules Worksheet in the resources section following this chapter to assist with the rule writing process.

Section 1: Operational Rules

This section explains rules for the daily operation of the market. Each of the subheadings, labeled 1.1 to 1.11, can be omitted, rearranged, or edited to meet the specific needs of a market.

1. Membership and Dues

Membership privileges normally include the right to sell at the market, establish and maintain seniority, purchase a season stall, participate in meetings, vote, run for office, and access corporate records.

The Market Association may choose to require annual dues as a part of becoming a member. Membership dues can be used to fund many projects: matching tents, signage for the market, a stipend for the market manager or an advertising budget.

Some markets require a membership fee, due on the first market-selling day or the first time a vendor comes to the market in a given season. The price of dues will likely be substantial but should not be restrictive (2). The membership fee commits the vendor to the market in a positive manner and reduces the incidence of one-time vendors who leave the market or dump produce.

1.1 Stall Fees

Stall fees can be an important source of revenue for a market in addition to membership dues, although some markets do not charge a stall fee. These fees may be charged on a daily or seasonal basis. Seasonal stall fees, paid in a lump sum in the early season, can provide needed income for the market at a critical time. Market organizers should consider providing an incentive, such as a discount, to vendors who decide to pay a seasonal fee rather than daily stall fees.

Stall fees may be a fixed, such as \$5 per day, or a percent of the gross sales. In either case, a description of the payment structure should be included in the rules, as well as a brief explanation of how stall fees are spent.

In some markets, stall fees and membership dues are combined into one fee. This can simplify the accounting process and limit the number of payments each vendor is responsible for making. Deciding to charge two fees (membership fee, stall fee) or one combined fee is up to each market.

1.2 Stall Assignments & Appearance

The stall assignments rule should clearly define the available unit (stall, stand, etc.) in definite terms. In addition, the rules may state how the stalls will be assigned. The vendor is required to keep the space clean throughout each market day. The rules may state what times the vendors should set up, when selling can begin and when it is acceptable to begin tearing down. Rules can also include procedures on tents, tables, vehicles, unloading and loading and signage.

1.3 Seniority

The market may find that vendors expect stall selection to be based on seniority at the market. Seniority is determined by the date the vendor applications are received and based on number of continuous seasons at the market. For example, a senior vendor may expect to choose their booth location before a newer member. Stall assignment rules can be created in favor of or against a seniority-based policy.

If the amount of space is limited, seniority may not be a feasible structure for choosing stall spaces. In this case, the board of directors could recommend a vendor arrangement that will best promote the market system. This will be subject to the approval of the members at a pre-selling season meeting. This may also be a good option for markets that do not wish to use a seniority-based decision process.

1.4 Attendance

Some markets create attendance policies to make sure vendors are at the market every week. Last minute cancellation can be detrimental to the market if that vendor is the only supplier of certain products. Consumers who planned to purchase the vendors' products may become frustrated because they are unable to purchase those products. To avoid this, a rule and penalty may be created regarding last minute cancellations.

Use a rule to outline the appropriate actions for a vendor who must miss a week due to sickness or unplanned events. For example, rules may require the vendor to contact the market manager in advance if they cannot attend the market.

1.5 Public Policies

Public policy rules can encompass anything that may affect the general public while at the market. Customers often want to bring pets to the market; however, this may be an issue. It can be troublesome if unruly pets disturb the shopping of others. In some cases, having pets near the products becomes a food safety concern. Markets are starting to enforce a "no pets" rule, with the exception of service animals. A few markets created a no-smoking environment by posting signs. Additional rules regarding public policies can include topics such as grilling, music and vehicle etiquette.

If these situations have never caused disturbances, a market may not need these types of rules.

1.6 Grievance Policy

Every market, regardless of organization structure and the clarity of its rules, will suffer from conflict at one time or another. It is important to include details of the procedure that must be followed whenever grievances arise. Complaints are often directed to the market manager. After the market manager is made aware of the complaint, he or she should conduct an initial investigation of the complaint. The investigation should include an attempt to obtain detailed information from the complainant, the alleged violator, and the other witnesses before determining if a violation of the market rules has occurred (1). An example grievance procedure is included in the resources section following this chapter.

Potential grievances can include a variety of issues: violation of stall width, failure to label a product, not following state or local regulations, or late arrival. There are certain issues within farmers markets that tend to create frequent conflicts; these include pricing policies, conduct of vendors, or vendors' stall spaces and displays.

A grievance policy pre-identifies conflict-prone topics that may be addressed often. By

taking this proactive approach, the marketplace tends to control the types of disputes that will be supported for fair resolution. It prevents the grievance procedure from becoming bogged down with repeated issues or petty arguments. In a sense, this wording preserves the integrity of the grievance procedure.

The market may also choose to assign a sliding scale of fee-based penalties or a strike system that may involve removal from the market.

1.7 Market Manager

Typically, the rules will describe the role and the authority given to the market manager or management team and how the market manager will handle conflicts. It may also describe the manager's term and how a new manager is chosen or appointed by the group.

1.8 Outside Organizations

In some cases, South Dakota markets have been asked by outside organizations for permission to participate in the market. Some examples include a club fundraiser, a local group of volunteers, special interest or activist groups, or a one-time bake sale or entertainment from a local school group. Political groups circulating petitions and brochures may also want to attend the market, taking advantage of the crowd the market draws.

First, the board should decide if these types of activities are allowed. If so, the organizations must meet the standards set by the board. For example, outside organizations may only attend the market if room is available. The board should determine if the organization wants to sell a fundraising product at the market and decide if the product(s) must comply with market rules.

1.9 Vendor Conduct

Clear expectations for the conduct of a vendor during hours of operation should be expressed in the rules. Many times, this section includes rules on good etiquette, customer service, and salesmanship.

2.0 Insurance

Some markets require that each vendor have a liability policy and proof of their policy, while others simply suggest it. Most vendors have an on-farm policy, yet this may not cover their activities at the market. Both the vendors and the market management should strive to ensure the market and vendors are properly protected with the correct insurance policies.

Section 2: Regulatory Rules

This section of the rules addresses regulatory issues, such as sales tax and South Dakota Home-Processed Food Law. This section will potentially need to be updated annually to keep current with regulatory changes.

2.1 Sales Tax

State law requires that each vendor obtain a sales tax license and display it each week at the market. If a vendor does not pay their taxes, the market will not be held liable; the South Dakota Department of Revenue will pursue the vendor for the amount independently of the farmers market. However, it is still in the best interest of the market to require that proof of permits be posted each week by vendors.

2.2 Weights & Measures

If a product is sold by weight, then a South Dakota certified scale must be used, and it should face the public. The use of a non-certified scale is prohibited. However, in some cases vendors choose to sell items in a specific container size, such as in bunches or on the vine. When products are listed in a grouping rather than by weight, a scale is not needed, and the price is listed for the grouping without listing the weight.



A SD certified scale must be used when product is sold by weight. SDSU photo by Joan Hegerfeld-Baker

2.3 Food Samples

Some markets allow samples to be distributed by vendors, while others do not allow this process. For markets that allow samples, the vendor must follow the sampling rules set forth by the South Dakota Department of Health regulations. Contact the SD Dept. of Health to obtain current sampling requirements at 1-800-738-2301.

2.4 Potentially Hazardous Foods and Product Temperature

Foods served or sold at market must comply with all rules set forth by the state. Market vendors should follow the SD Dept. of Health Food Service Code section 44:02:07:18 titled “Potentially Hazardous Food.”

A potentially hazardous food is a natural or synthetic food capable of supporting rapid and progressive growth of infectious or toxigenic microorganisms. Potentially hazardous food includes a food of animal origin that is raw or heat-treated, a food of plant origin that is heat-treated or consists of raw seed sprouts, cut melons, any other cut fruits or garlic and oil mixtures.

The SD Dept. of Health regulates temperatures at which potentially hazardous food must be stored or served at market. Foods in this category must be prepared and served with a food service or temporary license from the SD Dept. of Health Office of Health Protection. The SD Dept. of Health has information for licensed foodservice establishments, mobile and temporary food service licenses at 1-800-738-2301.

2.5 Home-Processed Foods Law

In 2010, the South Dakota “Home-Processed Foods Law” was approved, allowing for the sale of home baked goods at farmers markets and similar venues. Markets should create rules to ensure that their vendors’ products are following the statutes listed in this law regarding labeling, products, and processes.

Section 3: Product Rules

This section of rules will help markets to define what products can and cannot be sold at the market.

3.1 Product Approval & Claims

Vendors should be able to demonstrate that they meet the rules for the sale of their specific products as outlined in the market rules document. They should also be willing to allow inspections of their operation to ensure compliance of the rules. All vendors using the term “organic” should follow the federal regulations for the use of the term. Any

claims made by the vendor must be within local, state, and federal laws regarding food safety and labeling.

3.2 Defining Permissible Products

It is important to identify products permitted for sale at the market and those that are not. Some markets clearly limit sales to agricultural and by-products only, while others permit the sale of non-agriculture goods such as artwork or crafts. Some allow home-based businesses or foodservice vendors to sell at their market.



Product claims, such as “Organic”, are often addressed in market rules. USDA Photo by Lance Cheung

While crafts may add to the diversity of the product line offered at the market, they may undermine its ultimate purpose to provide high-quality food and farm products directly to the consumer. Although the presence of crafts may attract a greater number of customers to the market, these customers may not be interested in the non-craft items offered at other stalls – that is, the food vendors may not share the same target customer with craft vendors. It is at the discretion of each market to determine what kinds of products will be permitted for sale (2). Some markets compromise by allowing a limited number of non-food vendors.

3.3 Product Source Restriction

Markets may decide to limit the geographical area where the products for sale originated. In some cases, this means the market will have to create their definition of “local food.”

Markets may reserve the right to inspect vendor farms to confirm that products are raised on the vendor farm and in the manner stated. Completing this task for every vendor is an expensive and time-consuming requirement, but sometimes it becomes necessary (2). However, in most cases an inspection is only completed after a complaint has been made. This can limit the time and expense involved in farm inspections.

3.4 Reselling Restriction

Reselling is the act of a vendor purchasing an item from another grower or producer and reselling it at the farmers market. For example, purchasing watermelons produced in the South to resell at a local farmers market. Some markets allow reselling and others do not.

Producer-only markets do not allow reselling. These markets can capitalize on the growing interest in local food. They are able to cater to a customer who places a high value on supporting the local growers near or within their own community.

Markets that allow product to be resold may have a wider variety of produce. This can please a customer who values convenience because they only need to shop in one location. However, when purchasing resale products customers lose direct contact with the grower. This can be negative because knowing the grower is often listed as one of the primary reasons customers decide to patronize a market.

Markets should decide which policy (producer-only or resale) suits their market best. To make this decision, consult or survey potential vendors and customers. Keep in mind the customer base in your community. What would be most important to market patrons?

The final decision will be the most successful if the needs and desires of vendors and customers are considered.

A market that decides to be producer-only may elect to permit resale products when the resale product does not compete with a product that can be grown by a local vendor. These products may be used to supplement, or round out other produce offered at the market to manage supply, particularly in the early part of the season when locally grown produce may be sparse.

If resale items are brought in from outside the local area, consider providing customers with information about the farm it was produced on. Customers enjoy knowing where their food comes from and how it was grown. This will help maintain the feeling of connection and confidence in the products.

3.5 Pricing

Pricing is a challenging task for individual vendors and the group of vendors collaborating at a market. It is important to recognize the rights of each vendor to establish their own prices for products; it is illegal to fix prices. However, it is equally as important to recognize the effect of pricing on the market as a whole.

Vendors are vulnerable to a practice called “price undercutting.” Price undercutting refers to the action of one or more vendors to establish a price for their products that are far below those of comparable products sold by other vendors at the market. It is a tactic often used to dump large quantities of vegetables quickly; it is also used to create a loss leader that attracts the attention of the customer to a particular stall where they may purchase other, more expensive items. Experienced farmers market vendors identify this practice as the single biggest threat to the health of a market as a whole (2). Charging a daily stall fee or dues for market membership can limit the occurrence of product dumping.

Conclusion on Market Rules

Once the market rules have been drafted, consider having them reviewed by an attorney. Whether that person is a supporter of the market willing to provide the service pro bono, or paid for the work, he or she can revise the document to meet legal standards.

Market Bylaws

Market rules and market bylaws are different documents with different goals. The market rules are directed to vendors and relate to the daily operation of the farmers market. Market rules are often displayed on a market’s webpage for potential new vendors or customers to access and read.

On the other hand, market bylaws focus on organizing the long-term success and leadership roles within a market. These rules are typically not displayed for the public to view. The bylaws often include information in the form of articles.

A Farmers Market Association is generally led by a board of directors. Research shows that 25% of markets with 5-8 vendors do not establish board of directors, but as they grow to 9-30 vendors, 65% decide to establish a board of directors (3). Some smaller markets decide not to elect a board of directors; in which case drafting bylaws would likely be unnecessary. To view Example Market Association Bylaws refer to the resources section following this chapter.

Article I: Identify the Association

The first article identifies the name of the association. This will be the legal name for the Market Association, and it should be filed with the South Dakota Secretary of State and used in all contracts, financial agreements and business documents.

Article II: Objectives of the Association

In this article, the mission statement and purpose of the organization should be explained. In Section One, the group's Mission Statement, which was previously written, can be inserted. Section Two should expand upon "how" the group is going to accomplish the mission. Finally, the third section can list the purpose of the organization and state whether it is a not-for-profit or for-profit organization.

Article III: Define Membership

Generally, vendors wishing to sell in an established farmers market are required to be a member of the Market Association. Eligibility of membership should be made clear in this article to avoid disputes later. This section may also address membership fees, and how they will be determined. The amount of the fee does not need to be listed because the board of directors will determine it annually.

Article IV: Define the Board of Directors

The board members are elected by the general membership. The market will decide how many board members will serve along with their roles, duties, term-length, and election process. Where and when elections will take place should be described. The market may limit the number of terms a person can serve on the board. The board of directors may be required to attend a specific number of meetings each year during their time of service.

Possible positions and duties for the board of directors were described at length in Chapter One.

In the event that a board member or market manager needs to be removed, the process should be explained in this section. For example, how many votes would be required to remove a board member or manager? What notice would be given to him or her? Describe the procedures for hearing the charges stated against him or her.

If a board member resigns, there are two options. The first is to fill the position by special election. The second is to leave the seat open until the next regularly scheduled election. It is most common for the bylaws to allow the board to use a special election to temporarily appoint someone to fill the position until the next election.

This article of the bylaws may describe what decisions will require board approval. For example, the board of directors will appoint and approve the market manager, approve the location of the market, budgets, annual dues, and meeting times.

Article IV is typically the longest article within the bylaws. It is split into numbered sections to make each topic clear.

Article V: Meetings

This article deals with establishing the meeting process and dates. A quorum needs to be established for meetings. Quorum is defined as: "a minimum number of members in an assembly, society, board of directors, etc., required to be present before any valid business can be transacted." It is common for the quorum to be defined as "a majority of those present at a duly called meeting."

Article V outlines the order of business and the decision-making process; in most organizations Roberts Rules of Order is utilized. This article is also generally divided into numbered sections for clarity.

Article VI: Committees

The process for forming and dissolving committees can be listed in the bylaws. Specific tasks may be assigned to a standing committee. A standing committee manages long-term projects; for example, a budget committee or auditing committee.

Article VII: Amendments

This article should explain the process for amending the bylaws. Often, the process is to call a meeting with the membership. Then, vote on the proposed changes at the meeting. Bylaws are not easily changed. It generally requires 30 days advance notice in writing (mail or email) to members, and then a vote of members.

Article VIII: Termination

Should the Market Association be terminated, this article should describe the process for terminating the market; for example, by a majority vote of the remaining members. The article may describe the priority in which the funds should be dispersed.

Conclusion on Bylaws

The bylaws are a very important document for the long-term health of the Farmers Market. The bylaws are not easily changed. Because of this, they should only state important protocol that can stand up for the long term.

Typically, the process of writing the bylaws will require discussion at several meetings. Then, consensus must be gained among the membership. Next, ratify the bylaws with a vote from the membership. After the bylaws are ratified, the membership can elect a board of directors.

Vendor Application

The vendor application provides an opportunity to collect contact information from potential vendors and updated information from returning vendors. Typically, all vendors fill out an application each year before the beginning of the selling season. In some markets, products and new vendors will be reviewed and accepted by the board.

The application includes sections regarding products the vendor plans to sell, stall space, and names of who will sell at market. It will also include a section stating that the vendor read and understood the Market Rules and is willing to abide by them. The vendors may be required to submit their annual market dues and the vendor agreement before they are considered a member in good standing. Refer to the resources section following this chapter for the Example Farmers Market Vendor Application.

From Drafting to Voting

These documents are a practical way to help organize the market. Once they are finalized, the market should consider hiring a lawyer to ensure the documents are legally correct. When the final drafts are complete, they should be voted on and approved by the members of the Market Association.

The documents will change as the market grows and develops. The market rules and vendor agreement will likely be reviewed each year before the start of a selling season.

This process will ensure that the documents stay accurate and up-to-date. The bylaws should not need frequent changes.

These documents should help organize a new or existing market. The resources provided at the end of this chapter provide real-life examples to assist a market interested in drafting market rules, a grievance form, bylaws or a vendor agreement form.

Sources

1. Hamilton, Neil. Farmers' Markets Rules, Regulations and Opportunities. National AgLaw Center Publications, June 2002. Web. 13 Feb. 2013. (http://www.preventioninstitute.org/SA/enact/healthcare/documents/healthcare.farmers.tools.hamilton_farmersmarkets.pdf).
2. Homitzky, Claire, and Jana Beckman. Starting a Seasonal Open-Air Market in Kansas. Kansas State University Agricultural Experiment Station and Cooperative Extension Service, Sept. 2008. Web. Feb. 18 2013 (<http://www.ksre.ksu.edu/bookstore/pubs/S140.pdf>).
3. Stephenson, Garry, Larry Lev, and Linda Brewer. Understanding the Link between Farmers' Market Size and Market Organization. Oregon State University Extension Service, Dec. 2007. Web. 30 Aug 2013. (http://smallfarms.oregonstate.edu/sites/default/files/small-farms-tech-report/eesc_1082-e.pdf).



Example Farmers Market Vendor Application

For more information, visit extension.sdstate.edu

**SOUTH DAKOTA STATE
UNIVERSITY EXTENSION**

As a vendor at the _____ farmers market, sponsored by the _____ market board of directors, I agree to the following:

- I have read and understand the market rules and I agree to abide by them.
- All items sold by me at the market have been produced by me, family members or employees at the address(es) below.
- I hold harmless the sponsoring owners and merchants of the land where the market is located, the board of directors and other members of the market.
- I understand that the market carries insurance for the market, but not for individual vendors.

Business name: _____

Vendor name (print): _____

Mailing address: _____

Production location: _____

Required attachments:

- Product & Business Liability Certificate of Insurance
- Copy of South Dakota Sales Tax License
- Copies of all licenses and permits you are required to have to sell your products
- The appropriate fee for the amount of stall space you need.

List the specific products you plan to sell (including fresh, prepared, or processed foods):

Phone number: _____ Email: _____

Each stall is _____ feet wide and _____ feet long.

Circle how many stalls you will require at \$_____ per stall: One Two

What is your approximate start date?_____ Do you need electricity hookup? yes no

Please list all persons allowed to sell at your booth. Your booth must be manned during market hours:

Vendor(s) Signature: _____ Date:_____

Season fee enclosed payable to: _____ Farmers Market

Mail to: _____



Example Market Association Bylaws

For more information, visit extension.sdstate.edu

**SOUTH DAKOTA STATE
UNIVERSITY EXTENSION**

Article I: Identify the Association

The name of the organization shall be The _____ (name of city or locality) Farmers Market Association.

Article II: Objectives of the Association

Section 1: Mission Statement

The purpose of this Farmers Market Association is to a operate farmers market in _____ (city). Our mission is to build a market to be a profitable outlet for local agriculture and a valuable source of fresh foods for consumers.

Section 2: Goals & Objectives

To achieve the mission, the _____ Farmers Market Association shall do the following:

- a. Establish and operate a farmers market for the purpose of furnishing a facility for sales of South Dakota fresh foods and horticulture products.
- b. Work with SDSU Extension and similar organizations to promote the production of South Dakota fresh produce and horticultural products in _____ County.
- c. Organize and/or participate in educational and other activities that promote the use of South Dakota fresh foods and food products.
- d. Organize and/or participate in those activities that, in conjunction with the operation of a farmers market, will serve to encourage commerce and trade in _____ (community name).
- e. Organize and/or participate in those activities that will serve to further the Association's mission.
- f. Conduct research necessary to further the development of the farmers market.

Section 3: Purpose

Not-for-Profit Option: The Association is organized exclusively for public purposes as a not-for-profit association. The activities shall be conducted in such a manner that no part of its net earnings will inure (financially benefit) any member, director, officer or individual.

- or -

For-Profit Option: The Association is organized exclusively to bring together vendors in a for-profit organization.

Article III: Define Membership

Section 1: Eligibility

Any person interested in and who supports the purpose and objectives of the _____ Farmers Market Association shall be eligible for membership.

Section 2: Demographic of Membership

The membership of the _____ Farmers Market Association shall be representative of a broad cross section of the community which it serves, including but not limited to representatives from business, agriculture, government, horticulture, and education.

Section 3: Dues

Each member will be assessed on _____ (time frame) dues of \$ _____. The dues will be used to promote, develop and market the organization within the community.

Article IV: Define the Board of Directors

Section 1: Elections

Elections will be held at the annual meeting to elect the board of directors. All active members are eligible to vote and run for office. Voting is by majority rule and is done by secret ballot.

Section 2: Officers & Terms

The board will consist of four (4) members. The following positions will be elected annually and may not serve more than three consecutive one-year terms in the same office; terms start January 1 and run to December 31: President, Vice President, Secretary and Treasurer.

Section 3: Reimbursement

The board members serve on a volunteer basis, but may be reimbursed for reasonable expenses as determined by the board of directors.

Section 4: Duties of the Board

The duties of the board of directors shall be to transact all business of the Market Association, including but not limited to:

- a. Hiring, approving or removing market managers.
- b. Financial, paying all expenses of the Market Association, seeking and applying for funding from outside sources, maintaining proper financial records, establishing membership and market stall fees, developing an annual budget for approval by the general membership.
- c. Maintain all records of the Market Association and any other records deemed necessary by the board of directors.
- d. Make recommendations for amendments to Market Rules, as needed, for approval of the general membership.
- e. Hear and rule on grievances.
- f. The market manager will report to the board of directors. If necessary, the manager will present grievances to the board.

Section 5: President

The President shall call and preside over meetings, appoint committees and preform duties in the interest of the Market Association.

Section 6: Vice President

The Vice President shall preform duties of the President in his or her absence or assist the President as needed.

Section 7: Secretary

The Secretary shall keep a record of the proceedings of all meetings, a record of attendance at all meetings, send a written or electronic notice to all the members at least one week prior to each meeting, attend to all correspondence of the Market Association, and preform any duties for the Association deemed necessary. The Secretary shall also keep records of all markets, have possession of market books when markets are ended, make up new listings for the following year, have an up-to-date file of all members and the attendance at designated markets, obtain market show permits as required by law. He or she may appoint a committee if necessary in consultation with the President to delegate responsibilities to committee members.

Section 8: Treasurer

The Treasurer shall collect and hold all Market Association money in bank accounts and pay all bills consistent with the approved budget. The Market Association's checking account will require the signature of two members of the board of directors, the Treasurer and any one other member. The Treasurer shall present the books and records annually to the auditing committee consisting of a minimum of two members appointed by the President. The Treasurer shall keep complete financial records and present a report at each meeting of the Association. He/she shall present a detailed year-end report to the board of directors and is responsible for preparing a preliminary budget the upcoming year.

Article V: Meetings

Section 1: Dates

The _____ (name) Farmers Market Association will meet regularly every _____ (date) at _____ (time) at _____ (place).

Special meetings may be called by the Association President. Notification for special meetings must be sent to the Association membership _____ (time period) in advance. The notifications can be electronic or hard copy.

Section 2: Annual Meeting

At the minimum, one meeting per year shall be held. The annual meeting should be held no later than December 15th. In addition to regular business, the board of directors should be elected during this meeting.

Section 3: Quorum

A simple majority (one-half plus one) of the membership roster must be present to conduct official business of the Association.

Section 4: Order of Business

The following order of business shall be followed at regular Association meetings.

1. Call to order
2. Roll call
3. Minutes of last meeting
4. Treasurer's report
5. Report of committees
6. Unfinished business
7. New business
8. Announcements
9. Adjournment
10. Educational programs, if appropriate

Section 5: Parliamentary Procedure

Robert's Rules of Order shall govern the meetings of this Association.

Article VI: Committees

Section 1: Committees

Standing or short-term committees will be created as needed. Members of the Association are expected to volunteer for committee assignments. The President has the authority to appoint committee chairs and committee members.

Section 2: Audit Committee

An audit committee consisting of two members and one member of the board of directors (all of whom do not have signatory rights on the financial accounts) will conduct an audit of the Association financial records once each year during _____ (month). This will coincide with the end of the current Treasurer's term of office.

Article VII: Amendments

The bylaws may be amended at any meeting of the Market Association by a two-thirds vote of the members present, provided due notice of such proposed amendments be mailed or emailed by the Secretary to the entire membership not less than thirty (30) days prior to the said meeting.

Article VIII: Termination

Upon consideration of dissolution, the members of the _____ Farmers Market Association agree to the following procedure:

The _____ Farmers Market Association shall be terminated and dissolved by a majority vote of the membership in favor of dissolution and termination of the Association.

Upon dissolution and termination of the _____ Farmers Market Association, the financial resources of the Association will be disbursed in the following priority order:

1. To the payment of the debts and liabilities of the _____ Farmers Market Association.
2. To the setting up of any reserves that the board of directors deem reasonable for the purpose of paying any unforeseen liabilities or obligations of the _____ Farmers Market Association.
3. The remaining balance of funds shall be distributed to the _____ (people, location or activity).

Each of the members of the _____ Farmers Market Association will be provided a statement prepared by the Association outlining the assets, liabilities, and the distribution of all funds upon complete liquidation. Upon compliance with these terms and the distribution of funds, the _____ Farmers Market Association will be officially terminated.

The bylaws of the _____ Farmers Market Association have been voted upon and adopted this: _____ (date).



Example Grievance Procedure

Directions: Any grievance regarding the farmers market rules could be addressed using the following procedure. For more information, extension.sdstate.edu.

1. Contact the market manager, clearly outlining the grievance details.
2. The market manager will approach the vendor in question and handle the situation. If this does not solve the issue, the market manager will contact the Market Association board of directors to request action for resolution.
3. After the Market Association board of directors is contacted, they will have _____ (number of days or hours) to review the situation.
4. The board of directors will work with the parties in question to resolve the issue and declare a “ruling” solution to the issue.
5. The issue must be resolved and solutions or clarifications implemented by the next marketplace occurrence.



Directions: This document was created by selecting rules used by farmers markets throughout the Midwest.

Use this set of sample rules when drafting or reviewing your market rules. These rules were collected from multiple markets; therefore they display options for how to organize a market. Carefully select rules that apply to the type of market your group wants to create.

All of the rules are optional, but the rules marked with an asterisk (*) are strongly suggested. The asterisk-marked rules help manage risk or pertain to local, state, or federal regulations. In some cases, a market may select two or more rules from a section in order to include the necessary information on the topic. If necessary, modify or combine two rules to meet your needs.

In the example below, the market must decide if, how, and when they want to charge stall fees before they can select one of the three rules. To include a rule, check the box:

In this case, the market selected Option 1 for their rule on Stall Fees. Retype your personalized market rules using the rules selected and matching numbered headings. For example:

1.2 Stall Fees

- Option 1: Daily and/or seasonal stall fees will be assessed at a fixed rate and determined annually. Income generated from stall fees will be used for advertising, insurance, and other expenses associated with the function of the market.
- Option 2: Stall fees will be assessed at the rate of _____ percent gross sales and are collected at the end of each market day
- Option 3: Daily vendors (non-members) shall pay a daily rental fee of _____. Members using an additional stall on a daily basis shall pay a daily rental fee of _____.

1.2 Stall Fees

Seasonal stall fees will be assessed at a fixed rate and determined annually. Income generated from stall fees will be used for advertising, insurance, and other expenses associated with the function of the market.

1. Operational Rules

1.1 Membership and dues

- Option 1: All vendors at the market must be members of the Market Association. Membership dues, determined annually by the board of directors, must be paid before the first market day at which the vendor sells. Membership in the association entitles each vendor to one vote. Advance notice of discussion and vote shall be made to all members.
- Option 2: All vendors must sign a Vendor Agreement and pay the seasonal membership fee of _____ per booth/stall to participate. The vendor must pay the fee even if they do not intend to occupy the space for the entire season.
- Option 3: Persons living and producing within a radius less than or equal to the furthest point in _____ County or a (contiguous) county are eligible to become members of the market. Any vendors growing products outside this area must be individually approved by the board of directors on an annual basis.

1.2 Stall Fees

- Option 1: Daily and/or seasonal stall fees will be assessed at a fixed rate and determined annually. Income generated from stall fees will be used for advertising, insurance, and other expenses associated with the function of the market.

- Option 2: Stall fees will be assessed at the rate of _____ percent of gross sales and are collected at the end of each market day.
- Option 3: Daily vendors (non-members) shall pay a daily stall fee of _____. Members using an additional stall on a daily basis shall pay a daily stall fee of _____.

1.3 Stall Assignments & Appearance

- Option 1: The market manager assigns stall spaces to vendors. Vendors with their stall assignments may occupy their spaces upon arrival. Reserved spaces not occupied 30 minutes prior to opening may be reassigned to another vendor.
- Option 2: Spaces will be assigned on a first come first serve basis each selling day.
- Option 3: Each stall space must prominently display a sign clearly identifying the business name and location of the farm or business. Signs must be in place by the opening bell of the market day.
- Option 4: Selling spaces will be equivalent to one parking stall (10' x 10'); these selling spaces may only be setup within the designated market area.
- Option 5: All product and signage must be placed inside of the assigned stall space. The stall should be arranged so that customers are able to shop without invading another vendor's space.
- Option 6: Vendors are responsible for keeping their space clean and attractive during the market hours and must clean up their space after the market closes, including sweeping up any debris and removing trash.
- Option 7: Stall areas must be kept tidy throughout the market day and must be left clean at the end of the market day.
- Option 8: Vendors must park in the assigned lots/spaces designated for vendors. There will be no driving through the market selling area 30 minutes before selling begins.
- Option 9: Selling will be permitted from the back of a pickup truck or car as long as it does not interrupt walking traffic through the market area. Vehicles must be clean.

1.4 Seniority

- Option 1: At the death or retirement of a member in good standing, membership seniority can be continued by an immediate family member or active partner, as listed on the vendor application and approved by the Board of Directors. Membership seniority cannot be transferred by the sale of a business. The new owner must apply for membership as a new member.
- Option 2: Members who had annual spaces the previous year will have the option to renew the same space for the next season. Members holding annual stalls must notify the market manager of their intent to retain their stall(s) by the date of the (indicate date) meeting, or the stall will be forfeited. Fees must be paid no later than the (indicate date) meeting.

1.5 Attendance

- Option 1: All vendors must pay the seasonal fee even if they do not intend to occupy the stall for the entire season.
- Option 2: If a vendor needs to cancel they must call the market manager in advance.
- Option 3: If a vendor cannot attend the market any given day they must contact the market manager three days in advance. If there is an emergency the morning of market, contact someone at the market to let them know. After three "no show & no call" incidents, the vendor loses their selected stall for the remainder of the season and will be located in a stall chosen by the market manager for each subsequent day they come to market.
- Option 4: To maintain membership, you must vend/sell at least _____ times during the season, unless approved by the board of directors.

1.6 Public Policies

- Option 1: No pets are allowed at the market, except service animals.
- Option 2: For reasons of personal safety and food safety, animals (except service animals) and bicycles are prohibited in the market area.

- Option 3: No smoking will be allowed in the market area.
- Option 4: The farmers market is a smoke-free environment. No firearms, weapons, alcoholic beverages, or drugs will be allowed in the market. Anyone disturbing the peace will be asked to leave.
- Option 5: The market manager reserves the right to ask a vendor to turn music down or off if it becomes a disturbance to other vendors and shoppers.
- Option 6: No loud or disturbing noises should be made or action taken on the grounds which will interfere with the comfort or convenience of the other vendors or the public.
- Option 7: The running of gas or diesel vehicles is not permitted during selling hours at the market.
- Option 8: Vendors who use barbecue grills will use grills designed to reduce smoking and will do everything in their power to reduce excess smoke, including off-site grill cleaning each week. If there is excess smoke that is disturbing others, the vendor must move the grill as to eliminate the discomfort of others.

1.7 Grievance Policy

- Option 1: Any grievances regarding another vendor should be directed to the market manager in writing, clearly outlining grievance details. The market manager will handle the issue with the vendor in question. If the market manager fails to settle the grievance, it shall be directed to the board for discussion and vote.
- Option 2: A first infringement of the rules will be handled by a verbal warning from the market manager. A second infringement will be handled by a written warning. In the case of a third infringement, the vendor will be asked to leave the market for the season.

1.8 Market Manager

- Option 1: The board of directors may employ or appoint a market manager, whose duties shall be collecting daily fees; assigning market stalls, supervising the market and other duties as assigned by the board of directors. The manager will be the final authority on the day of market – all decisions may be appealed to the board for later consideration.
- Option 2: In accordance to the market rules, the manager has control over the market area and activities taking place within it. Any questions should first be directed to the market manager.
- Option 3: The manager will maintain order and cleanliness, start the market, and distribute information to the vendors. It is at the discretion of the manager to ask anyone to leave the market area.
- Option 4: The market manager shall report to the board of directors and give at least two weeks notice before leaving the position.

1.9 Outside organizations

- Option 1: Outside organizations wishing to appear at the market during selling hours to fundraise, entertain, educate and/or volunteer should meet the approval of the board prior to the selling day. If a group is interested in selling food, the item must comply with current market guidelines.
- Option 2: Outside organizations wishing to fundraise at the market during selling hours will be limited to _____ group(s) per week. The organization's product and/or activity must be approved by the board.

1.10 Vendor Conduct

- Option 1: All vendors should project positive, friendly behavior during market hours.
- Option 2: All vendors should provide a hygienic and family-friendly personal appearance to reflect positively on the market.
- Option 3: Vendors at the market shall at all times conduct themselves in a pleasant and courteous manner. Vendors shall avoid using unduly loud, vulgar, profane or otherwise disagreeable language. They shall further avoid being in an intoxicated condition. They shall avoid belligerent action or actions that lead to or promote disputes, disagreements or altercations with other vendors, prospective customers, visitors or any other persons on the market premises.
- Option 4: Vendors are not permitted to use the following techniques while at the market: hawking, calling attention to products in a loud, repetitive public manner or selling products in an aggressive way.
- Option 5: Vendors are not allowed to begin selling before the opening bell and they are not allowed to disassemble their booths before the market is closed.

- Option 6: All vendors must complete and sign a vendor agreement with the market and pay appropriate fee prior to selling. The market reserves the right to prohibit anyone from selling at the market and to cancel the privileges of any member who in the opinion of the board of directors has violated the rules governing the market. Participant or member has the right to respond in writing to the board, to include an explanation of how the violations in question will be remedied. The market board reserves the right to make a final decision on the response. Fees will not be refunded. Participants or members wishing to return to the market following expulsion must apply to the board of directors for re-admittance and pay appropriate fee(s) prior to selling.

1.11 Insurance

- Option 1: Each vendor is responsible for his or her own liability insurance. Some markets require that each produce/food vendor have liability policy of at least \$1 million in place to cover any hazards, including food safety.
- Option 2: The market only carries liability insurance for the market area. Vendors are strongly encouraged to have their own policy.
- Option 3: Vendors are required to provide and display proof of insurance that extends to the farmers market premises.

2. Regulatory Rules

2.1 Sales Tax

- Option 1: Each vendor is responsible for his or her own sales tax license and sales tax payments. Sales tax licenses must be displayed each week at the market. *

2.2 Weights & Measures

- Option 1: If products are sold by weight a SD certified scale must be used. The use of non-certified scales is prohibited. *

2.3 Food Samples

- Option 1: Free food samples can be passed out in the aisles of the market, unless the market is particularly crowded.
- Option 2: Food samples must be distributed in accordance with the rules set forth by the SD Dept. of Health.

2.4 Potentially Hazardous Foods and Product Temperature

- Option 1: Potentially Hazardous Foods (also known as “time-temperature controlled for safety foods”) are listed in SD Department of Health (SD DOH) Food Service Code section 44:02:07:18. Foods in this category must be prepared and served with a license from the SD DOH Office of Health Protection. The SD DOH has information for licensed foodservice establishments, mobile and temporary food service licenses at 605-688-6233. *

2.5 Home-Process Foods Law

- Option 1: Home-canned processed foods can be sold at farmers markets and similar venues. They must comply with the SD Codified Laws 34-18-35-37. Home canned acid (jams, jellies, fruits) and acidified (salsa, pickled, and fermented) foods are exempt from being processed in an inspected, licensed kitchen if the products are sold at farmers markets and similar venues (i.e. community events, arts festivals and church bazaars). A food processing authority must verify the home processing method as safe in accordance with the United States Department of Agriculture Home Food Processing Guidelines.
- Option 2: Foods that are baked in a home kitchen can also be sold at farmers markets and similar venues (SD Codified Laws 34-18-35-37). Baked goods can also be sold directly from the home kitchen if annual gross sales do not exceed \$5,000 (SD Codified Law 34-18-38).

3. Product Rules

3.1 Product Approval & Claims

- Option 1: All vendors must abide by applicable federal, state and local regulations regarding each product they sell.*
- Option 2: Vendors must be willing to allow inspections of their operation by a market representative in order to ensure compliance of the rules of the market.

3.2 Defining Permissible Products

- Option 1: The following products may be sold at the market: vegetables, herbs, fruit, jams, jellies, honey, cider,

baked goods, hay, straw, Christmas trees, ornamental produce, bedding plants, potted plants, cut or dried flowers, fruit or plant arrangements, eggs, retail-ready frozen meats, wool, fleece, personal care products, artwork, and artisan goods. Products not sanctioned above must receive board approval before sale.

- Option 2: The following list of products, numbered 1-15, can be added to the market rules. This option does take up quite a bit of space, but it provides structure and an answer to many questionable products. This list was adapted from the Floyd Boulevard (Sioux City, IA) and Falls Park (Sioux Falls, SD) Farmers Markets.

3.3 Product Source Restriction

- Option 1: All items sold by a local/seasonal vendor must have been raised, prepared or produced by that seller in _____ County or counties bordering _____ County.
- Option 2: Members may sell only those products they have produced. The products must be locally produced within _____ miles of _____, SD.
- Option 3: Produce must be grown by the seller. The sale of products not grown or produced by the seller, the reselling of goods, or the sale of goods that have been traded or bartered are only permitted if there is currently not a vendor providing the item. These items will be voted on by the discretion of the board.

3.4 Reselling Restriction

- Option 1: The market is restricted to those actively engaged in the production of accepted products, whether on a full or part-time basis. All items displayed must be produced by the vendor, members of his or her family or by his or her employees. Any item not produced by the vendor must be approved for sale by the board of directors on an individual, weekly basis.
- Option 2: The vendors are restricted to 80% of products grown and produced by vendor, family members or employees. The remaining 20% of their products may be resale items.
- Option 3: A vendor may resell a product at the market which he or she does not produce, only if that product is currently not available from a local vendor. However, if the product should become available from a local producer at a future time, then the sale of that product by the non-producer would cease at the end of the current market season.

3.5 Pricing

- Option 1: Product pricing should be conducted in a manner that protects the overall stability and friendly competition at the market.
- Option 2: Vendors should strive to price products at their fair market value and avoid heavily undercutting other vendors.