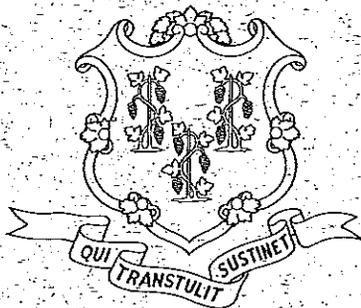


# Connecticut Marketing Authority

Connecticut  
General Assembly



LEGISLATIVE  
PROGRAM REVIEW  
AND  
INVESTIGATIONS  
COMMITTEE

## SUNSET 1983

Volume IV-3  
January 1983

CONNECTICUT GENERAL ASSEMBLY

LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

The Legislative Program Review and Investigations Committee is a joint, bipartisan, statutory committee of the Connecticut General Assembly. It was established in 1972 as the Legislative Program Review Committee to evaluate the efficiency and effectiveness of selected state programs and to recommend improvements where indicated. In 1975 the General Assembly expanded the Committee's function to include investigations and changed its name to the Legislative Program Review and Investigations Committee. During the 1977 session, the Committee's mandate was again expanded by the Executive Reorganization Act to include "Sunset" performance reviews of nearly 100 agencies, boards, and commissions, commencing on January 1, 1979.

The Committee is composed of twelve members, three each appointed by the Senate President Pro Tempore and Minority Leader, and the Speaker of the House and Minority Leader.

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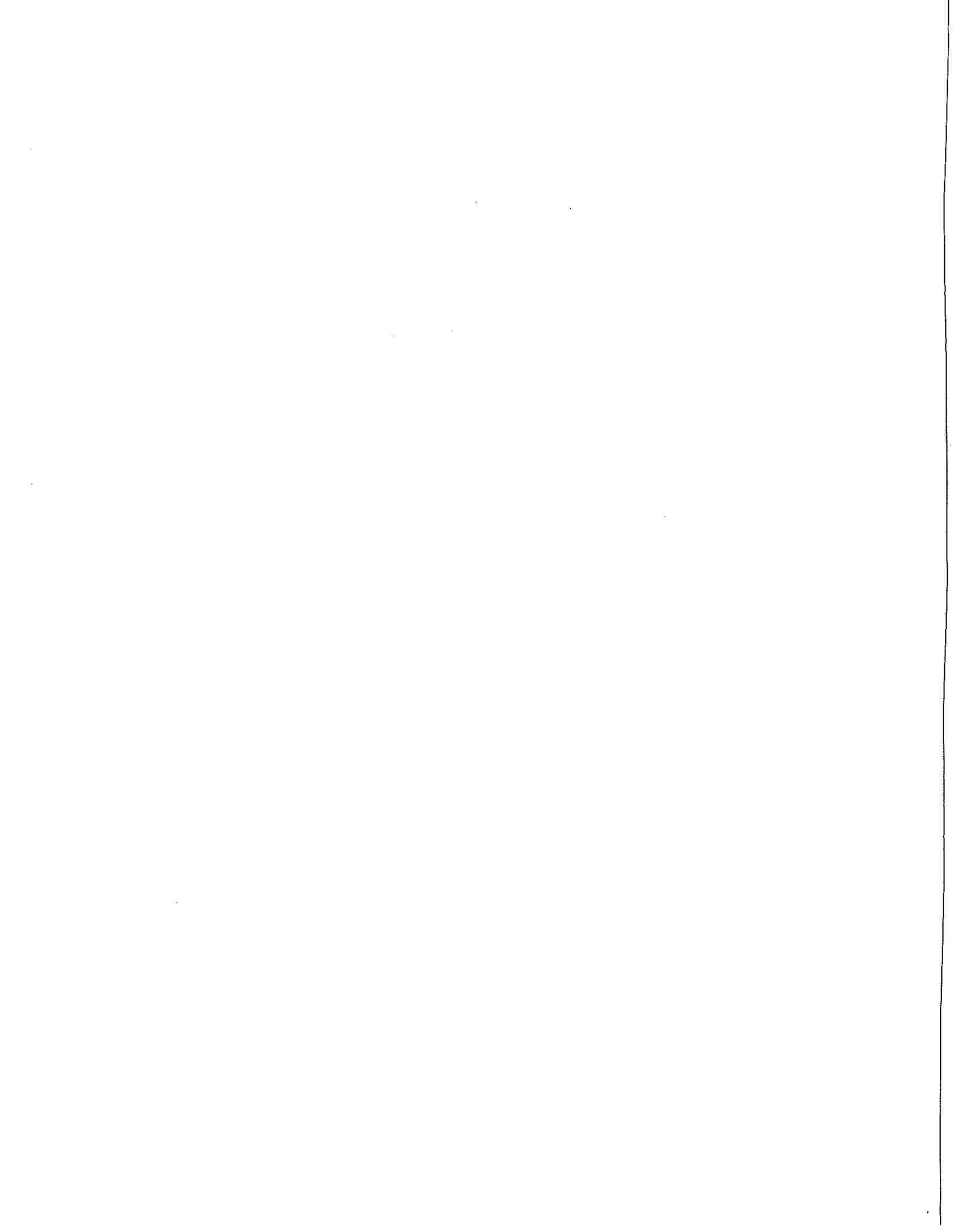
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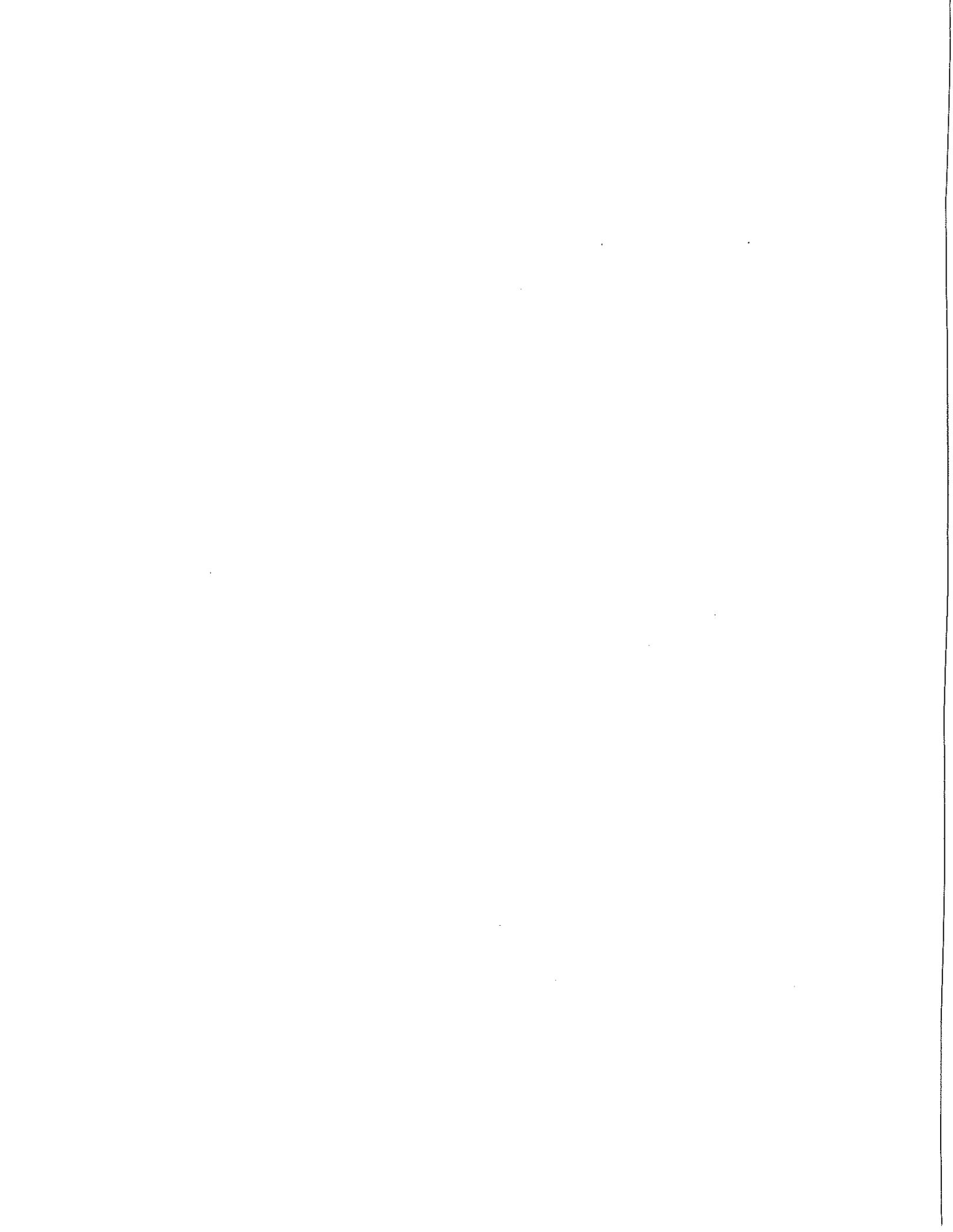
VOL IV - 3

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## TABLE OF CONTENTS

SUMMARY.....	iii
I. INTRODUCTION.....	1
Purpose and Authority for Sunset Review.....	1
Methodology.....	2
II. BACKGROUND.....	3
Legislative History.....	3
Structure.....	7
Purpose, Powers and Duties.....	7
Fiscal Information.....	8
III. ACTIVITIES.....	11
IV. ANALYSIS AND RECOMMENDATIONS.....	13
Continuation of the Authority.....	13
Composition, Powers and Duties.....	14
Additional Recommendations.....	17
APPENDICES	
A. Summary Sheet.....	23
B. Survey of Connecticut Marketing Authority Members.....	25
C. Legislative Changes Needed to Implement the Legislative Program Review and Investigations Committee's Recommendations.....	29



## SUMMARY

Efforts to establish a regional market in Connecticut began as early as 1937 with the introduction of several bills in the General Assembly calling for the establishment of farmers' markets. While all bills failed, a commission was created by the governor and given the task of studying the feasibility of establishing a suitable market to aid in the distribution of farm produce.

Upon completing its study, the commission recommended, and the 1939 General Assembly created, a 10 member authority with the powers to:

- develop market facilities;
- purchase land and establish new markets; and
- lease new market facilities to organized agricultural cooperatives.

The legislation was intended to improve market conditions throughout Connecticut and was passed with a \$50,000 appropriation.

The marketing authority took several years to acquire property for the development of a regional market and construction did not actually begin until 1950. In the interim, the authority received the power to issue self-liquidating bonds by the state. The bonds were used in financing construction of the market. The regional market facility was finally completed in Hartford in December 1952.

The Connecticut Marketing Authority is currently composed of 11 members and is within the Department of Agriculture for administrative purposes only. The authority's principal duties include:

- the development of existing farmers' markets;
- the development and operation of the regional market at Hartford;
- the leasing of space to wholesalers, farmers and agricultural cooperatives at the Hartford complex;

- the promulgation of regulations; and
- the issuance of bonds, with state bond commission approval, for the construction of regional market facilities.

The authority's budget for fiscal year 1980-81 was \$256,967. The authority employs a staff of 10 including an executive secretary. Funds to operate the authority's Hartford market complex are generated from rents, charged to wholesalers and farmers for leased space, and held in a special reserve fund separate from the state's General Fund.

The authority generally meets once a month to discuss such issues as the signing of leases, annual increases in rent, maintenance, tenant complaints and new applications for leased space. The day-to-day operations of the market are run by the executive secretary and staff. The market presently consists of three warehouse buildings, one outdoor shed, a restaurant and a gas station on 33 acres of land. The regional market at Hartford serves a large geographic area covering most of central and northern Connecticut.

#### Continuation of the Authority

The program review committee considered four options concerning the continued existence of the marketing authority:

- sunset the authority and transfer its functions to the commissioner of agriculture;
- sunset the authority and sell the regional market complex to a privately organized group;
- continue the marketing authority as is; or
- continue the marketing authority and restructure its composition, powers and duties to grant it greater autonomy in running the regional market complex.

The program review committee took note of the nature of the business in which the state was involved as well as the reason for creating the market. The committee concluded the marketing authority does provide social benefits that would not continue in the absence of state support.

*The Legislative Program Review and Investigations Committee recommends that the Connecticut Marketing Authority be continued and its composition,*

*powers and duties be restructured to grant greater autonomy in running the regional market complex.*

#### Composition, Powers and Duties

The marketing authority is in need of greater autonomy in maintaining and improving the physical plant in Hartford. Although all funds collected by the authority for rentals and charges are transferred to a special reserve fund separate from the General Fund, the authority does not have the power to expend those funds. Approval must be sought from the Office of Policy and Management for payment of repairs, maintenance and capital improvements. Also, all contracts for construction and capital improvements must be approved and supervised by the commissioner of administrative services.

The committee found the market is in need of many improvements that could be financed through an increase in tenant rents. But the marketing authority has not made substantial improvements because it is reluctant to raise rents without being able to assure the tenants that improvements will be forthcoming.

The committee concluded that to improve the regional market complex and assure that it will be run in an efficient and safe manner, the Connecticut Marketing Authority's powers, duties and composition should be restructured.

*Therefore, the Legislative Program Review and Investigations Committee recommends the following restructuring of the Connecticut Marketing Authority and the Office of the Executive Director:*

#### Connecticut Marketing Authority

- a) *The authority shall be composed of nine members: seven public members, one from each congressional district and one at-large; the commissioner of agriculture or his designee; and the commissioner of economic development or his designee. All appointments shall be made by the governor. Any member absent from three consecutive meetings shall be deemed to have resigned.*
- b) *The authority shall have the power to appoint an executive director who shall not be an authority member and who shall serve at the pleasure of the authority and receive such compensation as shall be fixed by the authority.*
- c) *The authority shall approve all contracts and payments for repairs, maintenance and capital improvements. The Department of Administrative Services shall review all contracts*

for the purpose of compliance with state policy. Real estate acquisitions shall continue to be reviewed and approved by the Department of Administrative Services and the Properties Review Board. Bonding authority will continue in its current form.

- d) All current statutory powers and duties shall continue.

#### Executive Director

- a) The executive director shall be the chief administrative officer and shall direct and supervise administrative affairs and activities in accordance with the directives of the authority.
- b) The executive director shall approve all accounts for salaries and expenses of the authority. The executive director shall submit a budget, once approved by the nine-member authority, to the Office of Policy and Management and the legislature.
- c) The executive director may employ personnel necessary to perform the duties required by the authority in carrying out the purposes of chapter 425. All employees of the authority shall be exempt from classified service. The executive director shall develop personnel policy guidelines, approved by the authority, for the hiring and dismissal of employees.

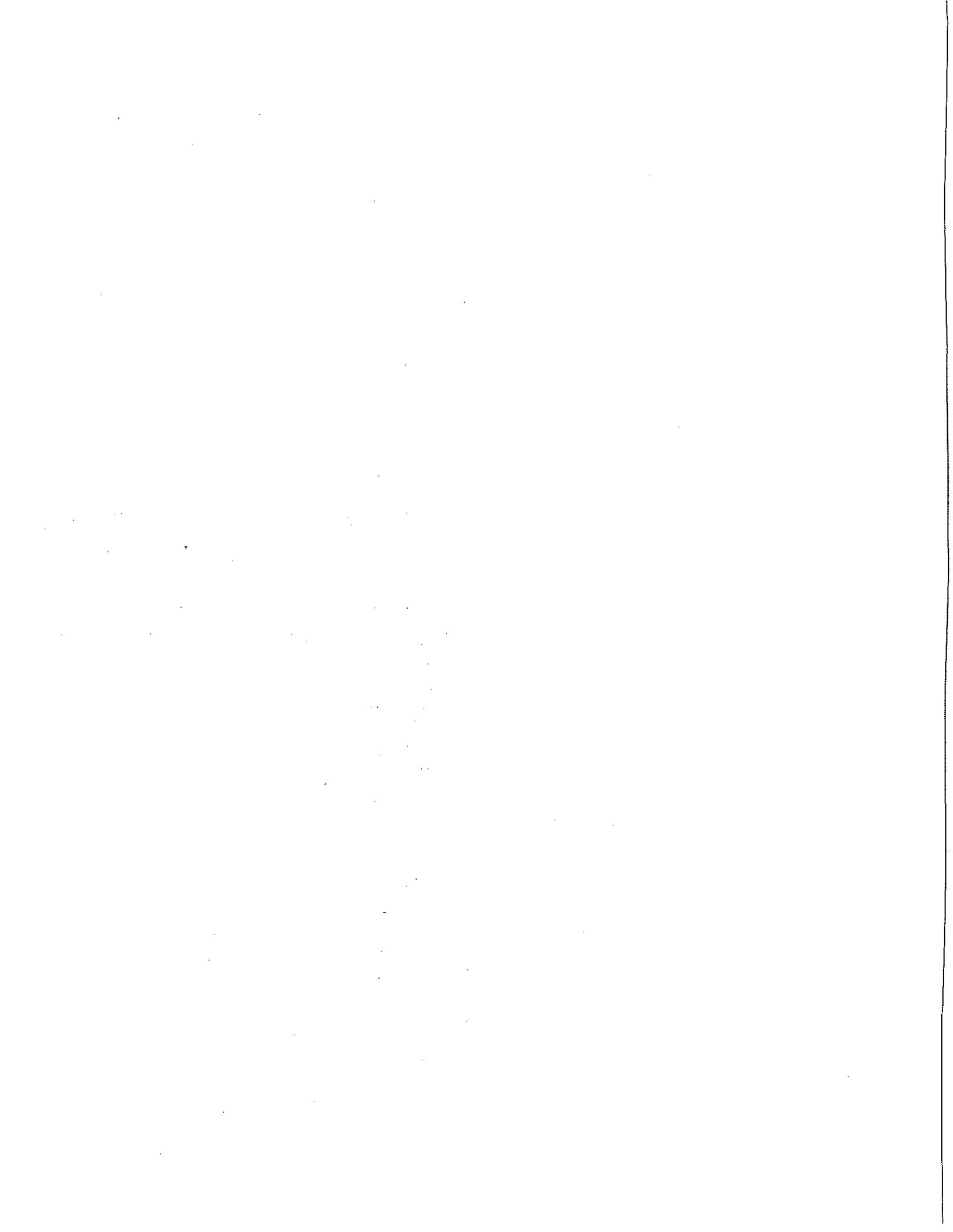
The program review committee believes these recommendations will allow the authority to administer the regional market while maintaining a check on its budget. The authority will be given the flexibility needed to respond to the problems created by intensive use of the warehouse and market facility.

#### Additional Recommendations

The Legislative Program Review and Investigations Committee examined two additional areas concerning the Connecticut Marketing Authority. The committee noted that the authority does not have written criteria pertaining to the leasing of space. The authority indicated that it follows a consistent policy in leasing space, but the policy has never been explicitly stated. The second area reviewed by the committee involves limiting, by tradition, the authority's jurisdiction solely to the Hartford regional market. The committee found that the legislative intent in creating the marketing authority was to assist farmers' markets throughout the state.

The Legislative Program Review and Investigations Committee, therefore, recommends that:

- a) *the authority promulgate regulations concerning the criteria to be used when leasing space, maintain a written record concerning the reasons a prospective tenant has been approved or denied space, and notify applicants that such a record is available; and*
  
- b) *the Department of Economic Development, in cooperation with the authority, conduct a study on the feasibility of regional markets in other parts of the state. The authority shall use a portion of its budget to fund the study. The authority shall report the findings of the study to the governor and the General Assembly by January 1, 1985.*



## INTRODUCTION

### Purpose and Authority

Chapter 28 of the Connecticut General Statutes provides for the periodic review of certain governmental entities and programs and for the termination or modification of those which do not significantly benefit the public health, safety, or welfare. This law was enacted in response to a legislative finding that a proliferation of governmental entities and programs had occurred without sufficient legislative oversight.

The authority for undertaking the initial review in this oversight process is vested in the Legislative Program Review and Investigations Committee. The committee is charged, under the provisions of Section 2c-3 of Chapter 28, with conducting a performance audit of each entity or program scheduled for termination. This audit must take into consideration, but is not limited to, the four criteria set forth in Section 2c-7. These criteria include: (1) whether termination of the entity or program would significantly endanger the public health, safety, or welfare; (2) whether the public could be adequately protected by another statute, entity, or program or by a less restrictive method of regulation; (3) whether the governmental entity or program produces any direct or indirect increase in the cost of goods or services and, if it does, whether the public benefits attributable to the entity or program outweigh the public burden of the increase in cost; and (4) whether the effective operation of the governmental entity or program is impeded by existing statutes, regulations or policies, including budgetary and personnel policies.

In addition to the criteria contained in Section 2c-7, the Legislative Program Review and Investigations Committee is required, when reviewing regulatory entities or programs, to consider, among other things: (1) the extent to which qualified applicants have been permitted to engage in any profession, occupation, trade, or activity regulated by the entity or program; (2) the extent to which the governmental entity involved has complied with federal and state affirmative action requirements; (3) the extent to which the governmental entity involved has recommended statutory changes which would benefit the public as opposed to the persons regulated; (4) the extent to which the governmental entity involved has encouraged public participation in the formulation of its regulations and policies; and (5) the manner in which the governmental entity involved has processed and resolved public complaints concerning persons subject to review.

## Methodology

The Legislative Program Review and Investigations Committee's sunset review process is divided into three phases. The initial phase focuses on collecting quantitative and qualitative data related to each entity's background, purpose, powers, duties, costs and accomplishments. Several methods are used by committee members and staff to obtain this information. These include: (1) a review of statutes, transcripts of legislative hearings, entity records (e.g., minutes, complaint files, administrative reports, etc.), and data and statutes of other states; (2) staff observation of meetings held by each entity during the review period; (3) surveys of selected persons and groups associated with each entity; (4) formal and informal interviews of selected individuals serving on, staffing, affected by or knowledgeable about each entity; and (5) testimony received at public hearings.

During the second phase, the staff organizes the information into descriptive packages and presents it to the committee. The presentations take place in public sessions designed to prepare committee members for the hearings, identify options for exploration and alert entity officials to the issues the committee will pursue at the hearings.

The final step of the review involves committee members and staff following up on and clarifying issues raised at briefings and public hearings. During this period, the staff prepares decision papers and presents recommendations to the committee. The committee, in public sessions, then debates and votes upon recommendations for the continuation, termination or modification of each entity.

## BACKGROUND

### Legislative History

Efforts to establish a regional market in Connecticut began as early as 1937 with the introduction of several bills in the General Assembly calling for the establishment of farmers' markets. Though all bills failed that session, Governor Wilbur Cross named a 10-member commission the following year to study the feasibility of establishing a suitable market for the distribution of farm produce.

The study group, named the Regional Market Commission, visited markets in New York, New Jersey and Boston and concluded that those markets were successful in aiding farmers by providing an outlet for their produce. The commission further noted that the New Haven area had been served by a well-organized, privately owned market, the New Haven Market and Exchange Corporation, since 1927. In contrast, the Hartford region was served by a poorly located and inadequate market which needed to be moved due to impending highway construction. A separate market also serving the Hartford area existed in Manchester on land leased from a textile mill; the mill was not going to renew the market's lease.

In the subsequent session of the General Assembly, legislation was reintroduced based upon the commission's study. A consultant to the commission testified that as much as 25 percent of Connecticut's farm products needed to be shipped out of state because the present markets could not handle the surplus adequately. The speaker noted that the bill would establish an authority similar in composition to the study commission. The new authority would be granted the power to provide loans using the state's ability to bond. Funds would then be lent to an agricultural cooperative that would build and run the market. The cooperative would then contract with the state for repayment of the loans from rents charged to tenants.

The 1939 legislature looked favorably upon this proposal and subsequently passed House Bill 149, "An Act Establishing A Regional Marketing Authority." This legislation, Public Act 308, granted the newly created 10 member authority the power to:

- develop market facilities;
- purchase land and establish new markets; and
- lease new market facilities to duly organized agricultural cooperatives.

The legislation was intended to improve market conditions throughout Connecticut. It also created a special "reserve fund" separate from the General Fund. An appropriation of \$50,000 was allocated for the purposes of carrying out the act. The authority was not given the power to issue bonds in the name of the state.

After 20 months of planning, the newly created authority returned to the General Assembly seeking an additional appropriation to begin construction. Testifying before the Appropriations Committee, a member of the authority stated that \$200,000 would be needed to "...build a suitable market...for this area."<sup>1</sup> The money would be used primarily to acquire a site for the market. The speaker indicated that the Greater Hartford Farmers' Market Association, Inc. had signed a contract with the authority to lease or purchase space and had posted a \$5,000 cash bond with the state treasurer as a guarantee of its intent. With these assurances, the General Assembly's Appropriations Committee approved the \$200,000 allocations and allowed the authority to employ an executive secretary. The full legislature approved the committee's recommendation.

The marketing authority returned to the legislature in 1943 requesting a change in the agency powers. The authority had run into difficulty negotiating a contract with Greater Hartford Farmers' Market Association for the construction and operation of a market. It was also pointed out that the statutes did not allow the authority to operate the market in the event that the association should, for any reason, default on its contractual obligation. Therefore, the authority proposed, in Senate Bill 493, that it be given the power to establish, acquire, develop and operate market facilities. Instead of requiring the facilities to be sold or leased to an agricultural cooperative, the bill made the statutory language permissive on the subject. Proponents of the legislation stated that the

"purpose of Senate Bill 493 is to give the authority power to proceed with the acquisition of land and construction of a market to be leased or sold to a farmer's cooperative but without the requirement that the binding contract between the cooperative and the authority be complete in every detail before the market

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<sup>1</sup> Ralph C. Lasbury, Member, Regional Market Authority, Appropriations Committee Public Hearing, Connecticut General Assembly, April 22, 1941, p. 560.

is constructed."<sup>2</sup>

In addition, the act continued the \$200,000 appropriation, most of which had not been spent.

While other cities such as New Haven, Bridgeport and Waterbury were served by privately owned markets, Hartford was served by several markets scattered over crowded downtown locations. A major portion of the farmers' market was located along Connecticut Boulevard on land to be taken for the building of dikes along the Connecticut river. In the early 1940's, a portion of the market was relocated to Colt's Park, but only temporarily. The state highway department had plans for highway reconstruction that forced the complete removal of both the market located along Connecticut Boulevard and Colt's Park. However, construction on both the highway and the regional market were delayed as a result of World War II. Little was accomplished by the marketing authority until after 1946, though land for the market had been acquired and cleared in the South Meadows.

By 1947, the authority had laid the necessary groundwork construction of a regional market. It did face one major obstacle: adequate project financing. The authority recommended it be empowered to issue self-liquidating bonds sold by the state of Connecticut. Proceeds from rents charged to tenants would go toward paying off the bonds. However, to insure repayment and an orderly running of the market, total control of the facility would have to remain with the authority.

These proposed legislative changes were supported by numerous agricultural groups as well as the City of Hartford. The proposal was embodied in Senate Bill 407, passing the House and Senate easily to become Public Act 428. Specifically, the act allowed the authority, in the name of the state, to sell \$1.2 million in tax-exempt bonds to meet the cost of construction of a regional market. The authority was given power to charge and collect rents for leased space. The act limited the rental of space to agricultural cooperatives, wholesalers of farm produce or farm supplies, dealers in other commodities and persons rendering services essential to the market. The authority was further required to set rents and other charges at rates sufficient to retire the state bonds and cover the cost of maintaining and operating the market.

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<sup>2</sup> Ralph C. Lasbury, Member, Regional Market Authority, Agricultural Committee Public Hearing, Connecticut General Assembly, February 17, 1943, p. 68.

With construction planning underway, additional statutory changes were made during the 1949 legislative session. Authority membership was increased from 9 to 11 members by adding 2 consumers to the existing 7 producer representatives and 2 wholesaler representatives. Leases were limited to 25 years and the authority was given permission to apply for federal grants. Another provision allowed tenants to construct a building, approved by the authority, to be used by the tenants. Ownership of such a building may be turned over to the state if the tenant so desires.

After 13 years of planning, construction finally began on the regional market in December of 1950. The project consisted of three long buildings in an L-shaped layout. One building housed 26 small stalls, a second included 26 large stalls with refrigeration space, and a third contained an additional 11 large stalls. Three acres of land adjacent to the buildings were saved for use by individual farmers. Offices for the marketing authority, fruit and produce brokers and railroad service agencies were located on the second floor of one of the buildings. To complete this office space and construct the third building, the authority needed, and the legislature granted, an additional bond authorization of \$360,000 in 1951.

The regional market was opened for business on November 1, 1952. The estimated cost of the market was placed at \$2 million--\$1.7 million in state bond money and various appropriations and \$300,000 in money provided by wholesalers. In an editorial praising the completion of the market, the Hartford Courant noted that "this new plant means faster and more efficient handling, offers greater inducement to producer merchants to use Hartford as their buying and selling center, and promises finer food service for the Hartford area for years to come."<sup>3</sup> At the time the volume of business was expected to reach \$20 million a year. The market was leased to 31 wholesalers and 200 vegetable and fruit growers.

Since 1952, few changes have been made to the legislation governing the authority and the regional market itself. In 1953 additional bonding money was authorized to connect two buildings and repair damage done by a fire in December of 1952. The authority was granted the power to impose penalties for violations of regulations governing the market. In 1955, the lease period was extended from 25 years to 99 years, though

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<sup>3</sup> Editorial, Hartford Courant, November 14, 1952, p. 24

the authority could establish leases for less than the maximum period allowed by statute. Minor statutory changes were made in 1957 and 1965 relating to motor vehicles on the premises and the termination of leases.

Another small legislative change occurred in 1971 limiting the sale of goods other than farm produce to commodities the authority determines to be of a general benefit to the market. Finally in 1975, all real estate transactions and acquisitions were placed under the jurisdiction of the Department of Public Works and the Properties Review Board. Most recently, the 1982 General Assembly increased the marketing authority's bond authorization by \$150,000. The bonds are to be used for improvements to the regional market at Hartford. While the history of the Connecticut Marketing Authority deals mostly with the construction and operation of the regional market at Hartford, the legislation clearly extends the authority powers and duties beyond this single market. Restricting the authority's purview to the Hartford market has occurred by way of tradition rather than legislative intent. Discussions at legislative hearings did often center around the Hartford market, however, there is no testimony given during the House and Senate debates to indicate that the legislature meant to limit the authority's jurisdiction solely to this market.

### Structure

The Connecticut Marketing Authority is composed of 11 members: 5 producers of agricultural products; 2 produce wholesalers; 3 public members and the commissioner of agriculture. Appointments are made by the governor, and members' terms are coterminous with the governor. Members serve without compensation, although expenses incurred in the performance of their duties are reimbursed by the state.

The marketing authority is within the Department of Agriculture for administrative purposes only. The authority, through the Department of Agriculture, employs 10 individuals: an executive secretary, 2 police officers, 3 maintainers, 3 building and grounds officers and a senior clerk.

### Purpose, Powers and Duties

The Connecticut Marketing Authority was created to develop marketing facilities for Connecticut agriculture to bring about a wider and more economical distribution of products. The authority's principal duties include:

- the development of existing farmers' markets;
- the development and operation of the regional market at Hartford;
- the leasing of space to wholesalers, farmers and agricultural cooperatives at the Hartford complex;
- the promulgation of regulations; and
- the issuance of bonds, with state bond commission approval, for the construction of regional market facilities.

The marketing authority is also responsible for establishing and collecting rents for leased space, and may use this income for payment of repairs and capital improvements with the approval of the Office of Policy and Management.

#### Fiscal Information

The business office within the Department of Agriculture handles the financial and budgeting matters for the marketing authority. Staff salaries and fringe benefits accounted for \$179,632 of the agency's total budget of \$256,967 for FY 1980-81. During that same year \$26,460, 10 percent of the budget, was spent on materials and repairs. A detailed breakdown of agency's budget is presented in Table II-1.

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Table II-1. Connecticut Marketing Authority--Budget in Detail.

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	<i>Actual</i> <u>1980-81</u>	<i>Estimated</i> <u>1981-82</u>	<i>Requested</i> <u>1982-83</u>
<i>Personal Services</i>	\$138,571	\$158,716	\$159,714
<i>Contractual Services (utilities, repairs, travel, etc.)</i>	46,661	52,985	57,906
<i>Commodities (fuel, office supplies)</i>	30,434	11,576	12,599
<i>Fringe Benefits</i>	<u>41,301</u>	<u>53,139</u>	<u>57,018</u>
<i>TOTAL</i>	\$256,967	\$276,416	\$287,237

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Funds to operate the authority's Hartford complex are generated from rents charged to wholesalers and farmers for leased space. The current rents are outlined in Figure II-1.

Figure II-1. Rents for Leased Space at the Regional Market.

<u>Type</u>	<u>Rent per Stall</u>	<u>Cost/sq. ft. per year</u>
<u>Wholesale*</u>		
A Building	\$275 a month	\$2.28
B & C Building	\$265 a month	\$2.16
<u>Farmers</u>		
Open space	\$2.50 to \$15.00 a day (depending on vehicle size) or \$65.00 a month	
Covered space	\$375 a year	

\*There is an 85¢ per square foot a year premium paid for insulated stall space. Each stall is 1,440 square feet.

In FY 1980-81, \$260,435 in revenues were generated from rental charges. A breakdown of charges by business, shown in Table II-2, indicates that wholesalers accounted for 84 percent of the total revenues received by the marketing authority.

Table II-2. Revenues generated from rents by business: FY 1980-81.

<u>Business</u>	<u>Rental Fees</u>	<u>Percent of Total</u>
Wholesalers	\$218,716	84%
Farmers	19,367	7%
Gas station	10,200	4%
Private Offices	9,452	4%
Restaurant	2,700	1%
<b>TOTAL</b>	<b>\$260,435</b>	<b>100%</b>

Leases for space are for one year with an option to renew if all the terms of the lease have been met. The authority usually raises the rental charge upon annual renewal. Income generated from rents is used to retire bonds issued by the authority. Net income, money left after bond payments, is placed in a reserve fund, called the Regional Market Operations Fund.

## ACTIVITIES

The Connecticut Marketing Authority's principal activity is to operate the regional market located in Hartford. The 11-member authority generally meets once a month to discuss such issues as the signing of leases, annual increases in rent, maintenance and security problems, tenant complaints and new applications for leased space. The authority will arbitrate disputes, approve leases, and make policy decisions concerning the operation of the physical plant. The authority also develops a budget for the agency based upon incomes generated from rents.

All funds collected by the authority are transferred to the Regional Market Operations Fund, and decisions to expend funds require approval of the Office of Policy and Management. Contracts for construction projects or capital improvements must be supervised and approved by the Department of Administrative Services.

Attendance at authority meetings averages seven members, and the mean length of service by members on the authority is 4.5 years.

Most decisions made by the authority concern the areas described above. However, according to a survey of authority members conducted by the Legislative Program Review and Investigations Committee staff, the leasing of space is considered the most important function. Other activities were ranked as follows:

*Rank in order of importance the following authority functions (1 = most important, 2 = 2nd most important, etc.)*

- 3 *Establishing rates for the leasing of space*
- 1 *Determining to whom space will be leased*
- 2 *Approving the annual lease agreements of current tenants*
- 6 *Resolving disputes between tenants*
- 5 *Resolving tenant/landlord (authority) disputes*
- 4 *Maintaining the authority's buildings*
- 7 *Expanding the regional market at Hartford*
- 8 *Expanding and/or assisting markets in other parts of the state*

The day-to-day operations of the market are run by an executive secretary and nine staff members including secretarial, security and maintenance personnel. All staff come under the jurisdiction of the Department of Agriculture. However, any change or alteration to the physical plant must be approved by the Bureau of Public Works in the Department of Administrative Services.

The market presently consists of three warehouse buildings, one outdoor shed, a restaurant and a gas station on 33 acres of land in the south meadows section of Hartford. The market has easy access to Interstate 91 and is served by a rail line. Seventeen food wholesalers lease approximately 185,000 square feet of space. The wholesalers sell fruits, vegetables, meat, poultry and fish.

In addition to the wholesalers, open space is rented to farmers in the center of the market. There are 96 stalls available for lease on a monthly and yearly basis and 15-20 stalls available at daily rates. The farmers range from fruit and vegetable producers to nurserymen.

In 1981, the businesses at the market generated \$123,000 million in sales and employed over 450 people. The market is open 19 to 20 hours a day and is the largest food terminal between New York and Boston. The market is intensely used with 35 to 45 tractor trailers entering each day and over 125 delivery trucks exiting to make their daily rounds.

The regional market serves a large geographic area covering most of central and northern Connecticut. Food products, produce and meat are shipped to grocery stores and restaurants throughout the region. The market in turn receives products from farmers in Connecticut during the growing season as well as products from the South and the West throughout the year.

## ANALYSIS AND RECOMMENDATIONS

The Legislative Program Review and Investigations Committee examined the activities of the Connecticut Marketing Authority and the operation of the regional market. Analysis focused upon several areas: 1) continuation of the authority; 2) authority composition and powers; 3) criteria for the leasing of space; and 4) the establishment of regional markets in other parts of the state.

### Continuation of the Authority

The program review committee considered four options concerning the continued existence of the marketing authority:

- sunset the authority and transfer its functions to the commissioner of agriculture;
- sunset the authority and sell the regional market complex to a privately organized group;
- continue the marketing authority as is; or
- continue the marketing authority and restructure its composition, powers and duties to grant it greater autonomy in running the regional market complex.

In considering these options, the committee took note of the nature of the business in which the state is involved. The legislation establishing the marketing authority outlined the necessity for regional market this way:

It is found and declared that large quantities of agricultural products, grown in Connecticut or brought from other states or countries into this state for consumption, must pass through wholesale marketing systems which are inadequate to meet present and future requirements; that the inadequacy of these systems contributes to high distributing costs and deterioration of products with concomitant losses to growers, distributors and the consuming public; that improvement of these systems would annually result in large savings to the consuming public, distributors and agricultural producers alike, all for the general welfare; that the efforts of public officers,

the produce trade and other interested organizations to achieve these improvements by purely private means have not succeeded; that the establishment and operation of regional markets have become and are public uses and purposes for which public money may be spent and private property acquired and are governmental functions of state concern; that it is in the public interest to authorize the creation of marketing facilities which are to be organized and operated on a nonprofit, self-liquidating basis. (1949 P.A. 349)

The committee believes these reasons continue to be valid and concludes that the operation of regional markets requires government intervention and results in benefits to the general welfare.

*The Legislative Program Review and Investigations Committee recommends that the Connecticut Marketing Authority be continued and its composition, powers and duties be restructured to grant greater autonomy in running the regional market complex.*

#### Composition, Powers and Duties

The marketing authority is in need of greater autonomy in maintaining and improving the physical plant in Hartford. Although all funds collected by the authority for rentals and charges are transferred to a special reserve fund separate from the General Fund, the authority does not have the power to expend those funds. Approval must be sought from the Office of Policy and Management for payment of repairs, maintenance and capital improvements. Also, all contracts for construction and capital improvements must be approved and supervised by the commissioner of administrative services.

The marketing authority is within the Department of Agriculture for administrative purposes only. However, all personnel employed at the regional market are hired by the Department of Agriculture and all payments for services are processed by the department's business office. The authority is audited by the auditors of public accounts.

The Connecticut Marketing Authority can issue bonds or borrow money from the General Fund only with the approval of the State Bond Commission and the Investment Advisory Council. Real estate acquisitions financed by bonds are subject to review and approval by the commissioner of administrative services and the Properties Review Board.

While most of these checks on authority operations are necessary, the program review committee believes the marketing authority needs greater autonomy in maintaining an efficient business operation. Not having sufficient authority to correct a problem could lead to substantial business losses on the part of tenants as well as a threat to the public health and safety of the users of the market. A recent example involves the supply of electrical current to the market. Due to the market's growth, the power supply is no longer sufficient; outages occur and products spoil as a result of the loss of refrigeration. This problem may take as long as three years to resolve.

The market is also in need of many other improvements that could be financed through an increase in tenant rents. But the marketing authority has not made substantial improvements because it is reluctant to raise rents without being able to assure the tenants that improvements will be forthcoming.

Oversight by so many different government agencies is not warranted in light of the size of the regional market. While checks on all government operations are necessary, the Connecticut Marketing Authority is in need of greater autonomy in maintaining and improving the efficiency of a business enterprise.

In a survey of authority members, all seven respondents indicated that the marketing authority should be given more autonomy in maintaining the physical plant. Responses to a second question show that the members clearly believe the lack of authority to spend revenues from the Regional Market Operation Fund is an impediment to the market's functioning. The second question and responses follow.

*Are any of the following impediments to the market's functioning:*

<u>Yes</u>	<u>No</u>	
<u>1</u>	<u>4</u>	<i>Unclear statutes</i>
<u>7</u>	<u>0</u>	<i>Lack of authority to spend revenues from the Regional Market Operations Fund</i>
<u>3</u>	<u>4</u>	<i>Unwritten criteria for entry into the market (granting leases to prospective tenants)</i>
<u>1</u>	<u>6</u>	<i>Lack of support from other state agencies (OPM, Dept. of Agriculture, Public Works)</i>
<u>0</u>	<u>6</u>	<i>Insufficient bonding authority and bond funds</i>

The committee concluded that to improve the regional market complex and assure that it will be run in an efficient and safe manner, the Connecticut Marketing Authority's powers, duties and composition should be restructured.

Therefore, the Legislative Program Review and Investigations Committee recommends the following restructuring of the Connecticut Marketing Authority and the Executive Director:

Connecticut Marketing Authority

- a) The authority shall be composed of nine members: seven public members, one from each congressional district and one at-large; the commissioner of agriculture or his designee; and the commissioner of economic development or his designee. All appointments shall be made by the governor. Any member absent from three consecutive meetings shall be deemed to have resigned.
- b) The authority shall have the power to appoint an executive director who shall not be an authority member and who shall serve at the pleasure of the authority and receive such compensation as shall be fixed by the authority.
- c) The authority shall approve all contracts and payments for repairs, maintenance and capital improvements. The Department of Administrative Services shall review all contracts for the purpose of compliance with state policy. Real estate acquisitions shall continue to be reviewed and approved by the Department of Administrative Services and the Properties Review Board. Bonding authority will continue in its current form.
- d) All current statutory powers and duties shall continue.

Executive Director

- a) The executive director shall be the chief administrator officer and shall direct and supervise administrative affairs and activities in accordance with the directives of the authority.
- b) The executive director shall approve all accounts for salaries and expenses of the authority. The executive director shall submit a budget, once approved by the nine-member authority, to the Office of Policy and Management and the legislature.

- c) *The executive director may employ personnel necessary to perform the duties required by the authority in carrying out the purposes of chapter 425. All employees of the authority shall be exempt from classified service. The executive director shall develop personnel policy guidelines, approved by the authority, for the hiring and dismissal of employees.*

The committee believes these recommendations will give the marketing authority and its executive director sufficient autonomy to provide for the efficient and safe operation of the market and improvement of the complex. The proposed recommendations are patterned after management structures of state agencies that require similar autonomy in conducting business.

These recommendations will allow the authority to administer the regional market reserve fund while maintaining a check on its budget. The authority will be given the flexibility needed to respond to the problems created by intensive use of the warehouse and market facility.

Restructuring the authority will give it increased geographical representation. The committee believes that with better geographic representation, the authority will be more likely to serve the interests of the entire state and possibly expand its activities by attempting to establish other regional markets. By requiring that all members be public members, the authority will be separate from the tenants, two of whom currently serve on the authority.

#### Additional Recommendations

The Legislative Program Review and Investigations Committee examined two additional areas concerning the Connecticut Marketing Authority. The committee noted that the authority does not have written criteria pertaining to the leasing of space. The authority indicated that it follows a consistent policy in leasing space, but the policy has never been explicitly stated. The second area reviewed by the committee involves limiting, by tradition, the authority's jurisdiction solely to the Hartford regional market. The committee found that the legislative intent in creating the marketing authority was to assist farmers' markets throughout the state. *The Legislative Program Review and Investigations Committee, therefore, recommends that:*

- a) *the authority promulgate regulations concerning the criteria to be used when leasing space, maintain a written record concerning the reasons a prospective tenant has been approved or denied space, and notify applicants that such a record is available; and*

- b) *the Department of Economic Development, in cooperation with the authority, conduct a study on the feasibility of regional markets in other parts of the state. The authority shall use a portion of its budget to fund the study. The authority shall report the findings of the study to the governor and the General Assembly by January 1, 1985.*

The authority is currently required to promulgate regulations relating to the use and operation of the market, but it is not required to issue regulations concerning leasing procedures. Leases are not reviewed by any other state agency and while the authority indicated that it has criteria it considers when leasing space, the criteria are not in writing. Requiring regulations would be consistent with the operations of other state agencies and insure public access to this important decision-making process.

Also, the committee expressed concern about the fact that current tenants had the right of first refusal on vacant space. Analysis indicates that there are now fewer businesses renting more space than when the market opened. In 1952, 29 businesses rented 63 stalls. By 1982 the market had been expanded to 85 stalls, however, only 21 businesses were renting space. The committee believes that if this trend continues and the authority maintains its unwritten policy of renting to current tenants first, then only a few large wholesalers will remain. This would defeat the intent of the legislation to provide a diverse market for all wholesalers and producers of agricultural products.

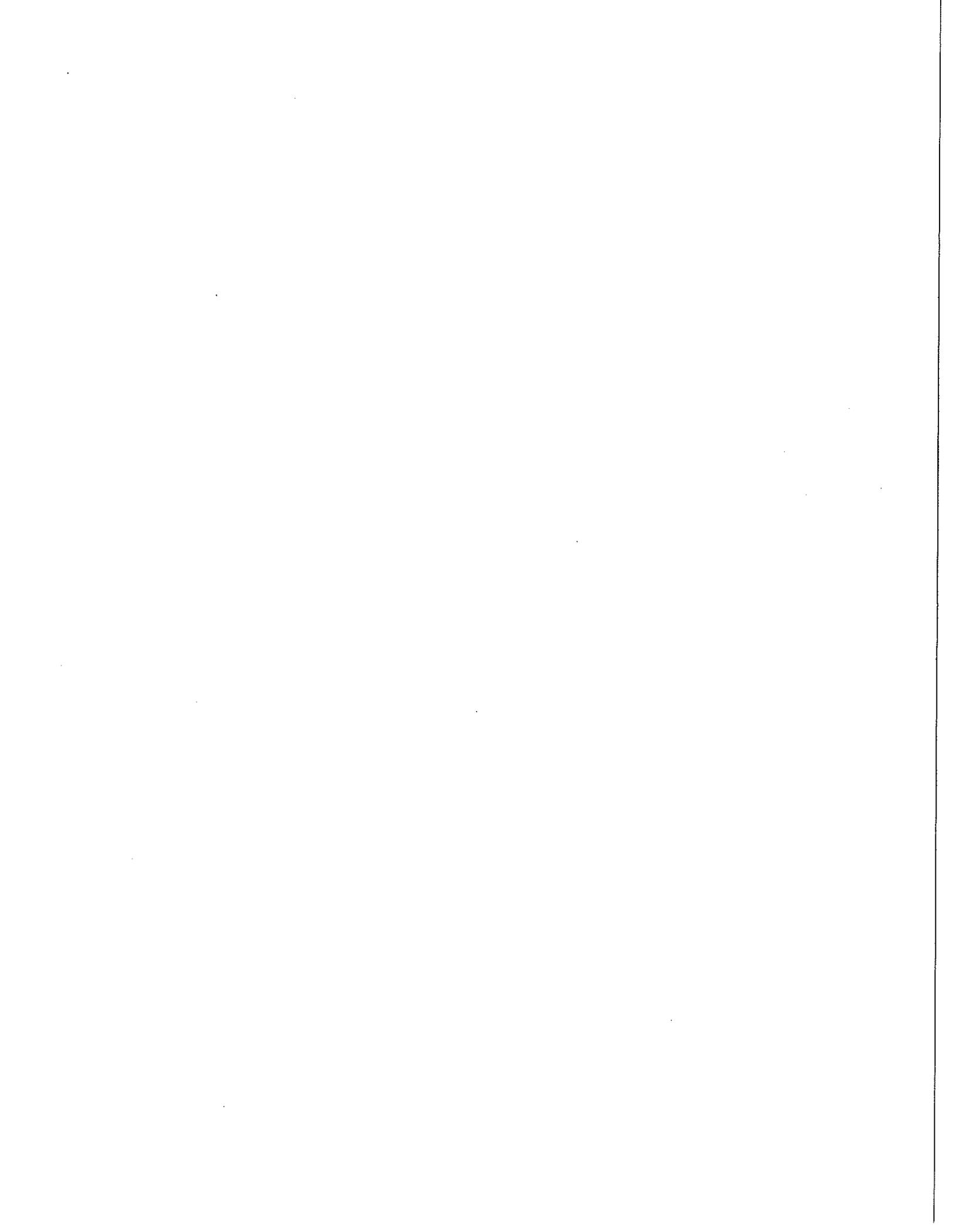
Finally, the Legislative Program Review and Investigations Committee noted that the marketing authority's statutory mandate is to:

develop the marketing facilities of Connecticut agriculture to bring about a wider and more economical distribution of Connecticut's agricultural products through the development of existing farmer's market and through the establishment, acquisition, development and operation of market facilities. (C.G.S. Sec. 22-64)

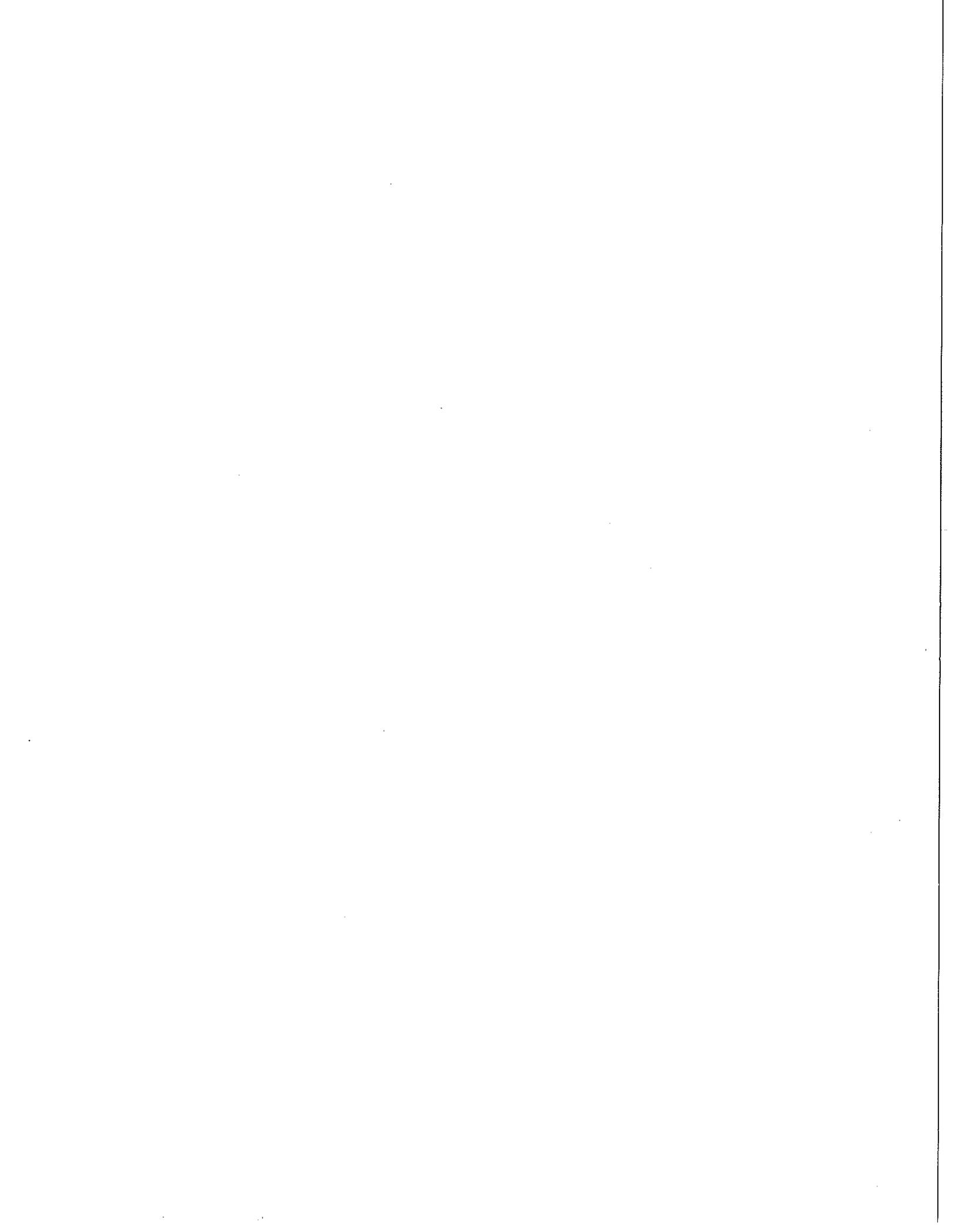
Only once in the marketing authority's history did it assist any market other than the one at Hartford.

However, the legislature clearly intended the Connecticut Marketing Authority to be a governmental entity serving the entire state. While the regional market at Hartford does serve a large portion of the state, there may be the need to develop smaller

regional markets in other regions. In accordance with the legislative intent, with the assistance of the Department of Economic Development, the marketing authority would be required to conduct a feasibility study on the creation or expansion of marketing facilities in Connecticut.



## APPENDICES



APPENDIX A

CONNECTICUT MARKETING AUTHORITY

STATUTORY AUTHORITY: Chapter 425 of the Connecticut General Statutes (Regional Markets)

ESTABLISHED: 1939

PURPOSE: To develop marketing facilities for the economical distribution of Connecticut's agricultural products

MAJOR FUNCTION:

- Develop and operate the regional market at Hartford
- Lease warehouse and marketing facilities to farmers, agricultural cooperatives and wholesalers at the Hartford complex
- Promulgate regulations concerning the use and operation of the market
- Issue bonds, with approval of the state bond commission, for the construction of regional marketing facilities

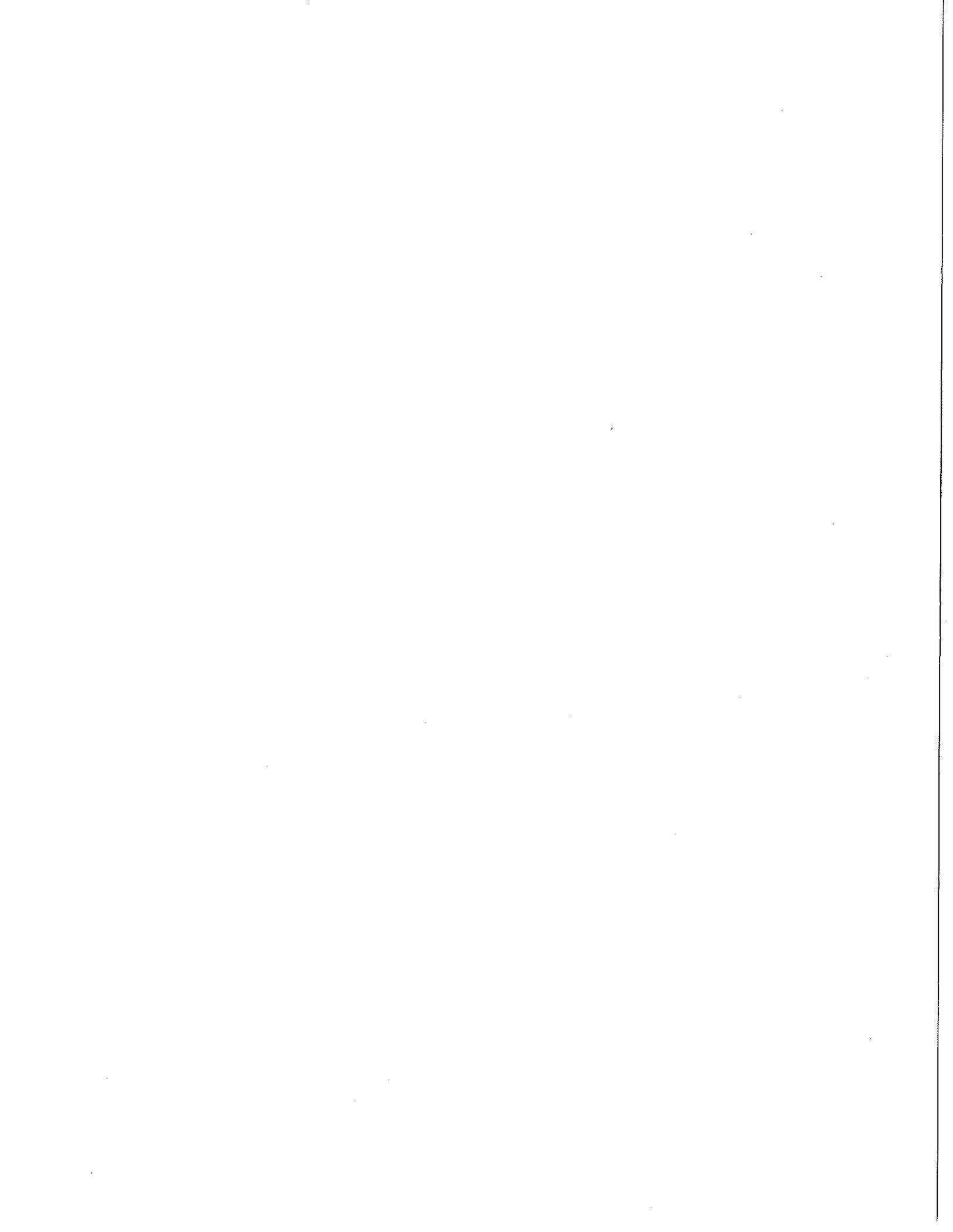
COMPOSITION: Ten members: five producers of agricultural products, two wholesalers and three public members, all appointed by the governor. The commissioner of agriculture serves as an ex officio member.

TERMS: Coterminus with the governor

STAFF: Ten full-time positions

<u>BUDGET:</u>	Actual FY 80	Appropriated FY 81	Appropriated FY 82
Personnel Services	\$130,366	\$132,605	\$158,716
Other Expenses	137,499	101,890	117,700
Equipment	726	1,135	1,250
Total	\$268,591	\$235,630	\$277,666

Note: The authority's budget is derived from the Regional Market Operation Fund, a fund separate from the General Fund. Revenue for the fund is received from the rents generated by leases for warehouse space to wholesalers.



APPENDIX B

Legislative Program Review and Investigations Committee

1983 Sunset Review  
of the  
Connecticut Marketing Authority

This questionnaire has been constructed to elicit information about the authority. Please follow the directions for each question as the results will not be valid unless you do so.

Please feel free to provide additional comment on either a specific question or the authority in general. Any such comment may be included directly on the questionnaire or in a separate attachment.

1. Please indicate the length of time you have been a member of the authority?

Average 4.5 Years

2. Rank in order of importance the following authority functions (1 = most important, 2 = 2nd most important, etc.)

3 Establishing rates for the leasing of space

1 Determining to whom space will be leased

2 Approving the annual lease agreements of current tenants

6 Resolving disputes between tenants

5 Resolving tenant/landlord (authority) disputes

4 Maintaining the authority's buildings

7 Expanding the regional market at Hartford

8 Expanding and/or assisting markets in other parts of the state

3. Please rate the following criteria in order of importance when considering a request to lease space by a prospective tenant.

<u>Very</u> <u>Important</u>		<u>Not</u> <u>Important</u>	
6			Type of product to be sold by tenant
3	3		Financial references
3	1	1	Personal references
1	3	3	Equipment to be installed by tenant
1	3	2	Number of new jobs tenant will create
1	4	1	Length of time a prospective tenant has had an application for space on file
6			Improvements the tenant will make to the overall quality of the market
1	5		Request for space is from a current tenant
1	1		Other (please specify) <u>Product variety;</u> <u>security</u>

4. In your opinion, should the marketing authority be given:

(Please check one of the following)

- 6 More autonomy in maintaining the physical plant
- Less autonomy in maintaining the physical plant
- No more autonomy to run the market than it currently exercises

5. Are any of the following impediments to the market's functioning:

- | <u>Yes</u> | <u>No</u> |   |
|------------|-----------|---|
| <u>1</u>   | <u>3</u>  | Unclear statutes  |
| <u>6</u>   | <u>0</u>  | Lack of authority to spend revenues from the Regional Market Operation Fund |

<u>Yes</u>	<u>No</u>	
<u>3</u>	<u>3</u>	Unwritten criteria for entry into the market (granting leases to prospective tenants)
<u>1</u>	<u>5</u>	Lack of support from other state agencies (OPM, Dept. of Agriculture, Public Works)
<u>0</u>	<u>5</u>	Insufficient bonding authority and bond funds

6. Do you believe the current rents charged by the authority are competitive with similar rents charged for warehouse space in the greater Hartford area?

3 Yes      3 No      \_\_\_\_\_ Not Sure

7. If you answered no to question No. 6, do you believe the rents are higher or lower than those charged in the greater Hartford area for similar space?

0 Higher                      3 Lower

8. Should the market authority expand its activities by attempting to establish regional markets throughout the state?

1 Yes                      5 No

9. Should the market be sold to private interests and run by the private sector?

0 Yes

1 Yes, under certain conditions. (Please specify conditions)

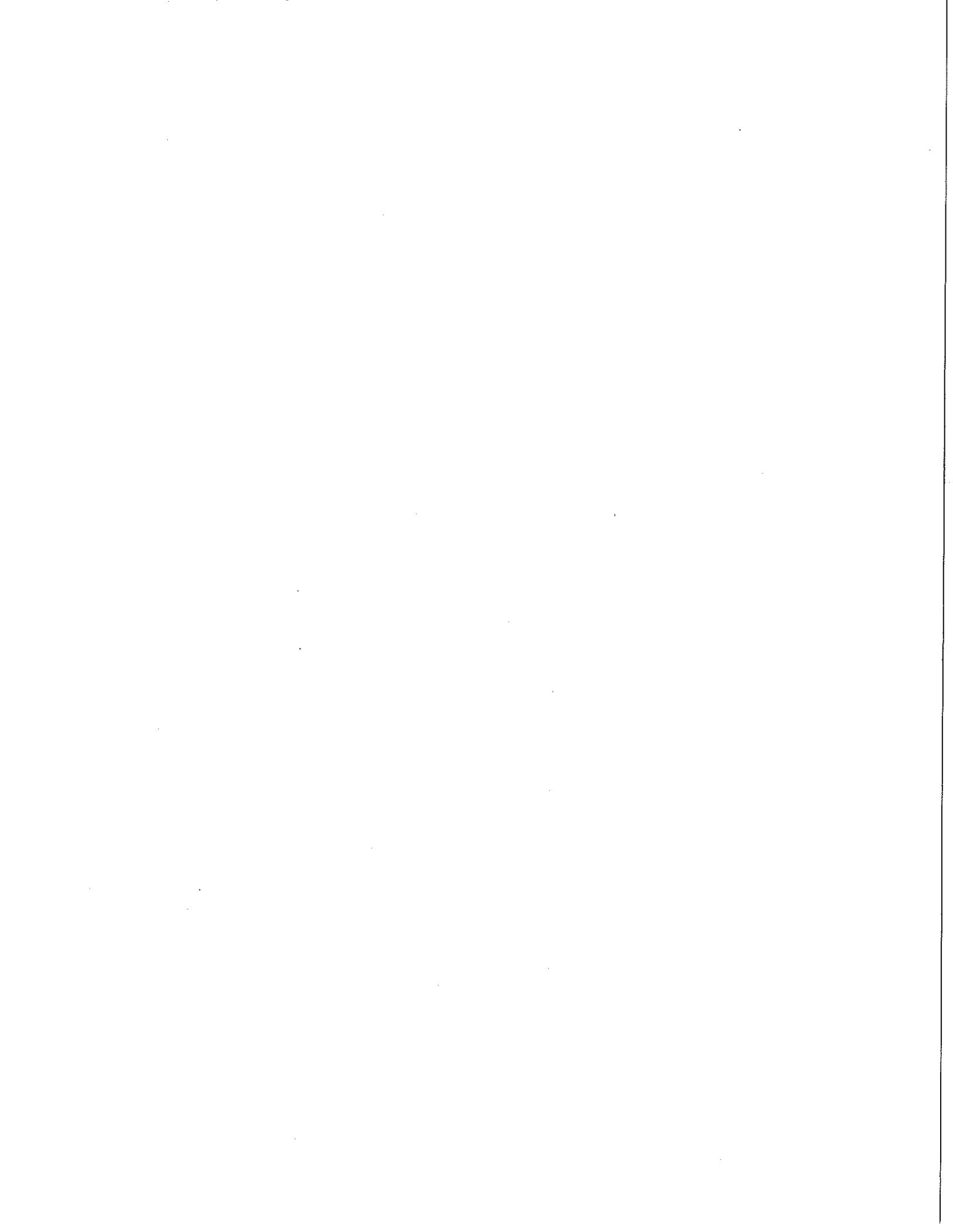
When the authority can no longer run an effective

and cost competitive market.

5 No

10. OPTIONAL: Please briefly identify the benefits to Connecticut's citizens in having state government support and be involved in the running of the regional market.

Supplies a variety of products; provides the freshest food at the fairest price, the market is self-sustaining; provides a central location for product distribution; allows small businesses to compete with larger ones.



## APPENDIX C

### Legislative Changes Needed to Implement the Legislative Program Review and Investigations Committee's Recommendations

- Amend Section 22-63 of the Connecticut General Statutes to reduce the membership of the Connecticut Marketing Authority from 10 to 9 with the specified representation recommended by the program review committee, and require the authority to adhere to the attendance standards proposed by the program review committee.
- Amend Section 22-64 of the Connecticut General Statutes to give the authority the power to appoint an executive director who shall serve at the pleasure of the authority and receive such compensation as shall be fixed by the authority.
- Amend Section 22-64 of the Connecticut General Statutes to give the authority the power to approve all contracts and payments for repairs, maintenance and capital improvements, with the Department of Administrative Services having the power to review, but not approve, such contracts for compliance with state policy.
- Add a new section to Chapter 425 of the Connecticut General Statutes to create the position of executive director who shall be the chief administrative officer of the authority with the powers and duties recommended by the program review committee.
- Amend Section 22-64 of the Connecticut General Statutes to require the authority to: promulgate regulations concerning the criteria to be used when space is leased; maintain a written record of the reasons an applicant has been approved or denied space; and notify applicants that such a record is available.

Appendix A - Cont.

- Add a new section to Chapter 425 of the Connecticut General Statutes to require the Department of Economic Development, in cooperation with the authority, to conduct a study on the feasibility of regional markets in other parts of the state. The authority shall use money from its budget to fund the study and report its findings to the governor and the General Assembly by January 1, 1985.