

**County of Milwaukee
Interoffice Communication**

Date: April 30, 2013

To: Supervisor Gerry Broderick, Chair, Parks Energy and Environment Committee

From: Josh Fudge, Interim Fiscal and Budget Administrator, Department of Administrative Services

Subject: Due Diligence Report for a Vendor Permit Agreement with Gift of Wings, Inc. to provide kite sale concession services at Veterans Park

Request

The Department of Parks, Recreation, and Culture (Parks) requests approval to enter into a five (5) year agreement with Gift of Wings (GoW) to provide kite sale concession services at Veterans Park.

Background

In January 2013, Parks issued a Request for Proposals (RFP) for kite sale concession services at Veterans Park. GoW was selected as the successful bidder to continue operating the concession. A 2008 agreement with GoW expired on December 31, 2012. GoW is currently operating the concession on a month-to-month basis per the terms of the 2008 agreement. During the five-year term of the previous contract, Parks received an average of \$20,163 in annual revenue from the concession¹.

Review & Analysis

The Department of Administration - Fiscal Affairs (DAS), Corporation Counsel, Risk Management, and Community Business Development Partners have reviewed the draft proposal with GoW.

GoW would be permitted to operate a concession for the sale of kites and related items at Veterans Park. GoW would also be permitted to sell bottled water, non-alcoholic beverages, and food items as approved by the Director of Parks.

The term of the proposed agreement is five (5) years with two one (1) year mutual options for an extended term. The agreement begins on the execution date and the original term expires on March 30, 2018. If the mutual options are exercised, the agreement will expire on March 30, 2020. The agreement may be terminated by either party for cause if a failure to comply with any provision of the agreement is not cured in a timely manner. Upon expiration or termination of the agreement, GoW shall remove all of its supplies, displays and related items within 30 days.


¹ Based on data from the Milwaukee County Fiscal Intranet for actual revenues (Functional Code VW26, Activity Code KWYL, Revenue Source 9046, Agency 900, Fund 001)

Per terms of the proposed agreement, the County will receive 15% of all gross receipts with a guaranteed annual minimum of \$19,000. The minimum commission to the County automatically increases 2% each year. The previous agreement with GoW (in effect from 2008 to 2012) provided that the County would receive 15% of gross receipts with an annual minimum of \$5,250. The chart below shows the actual amount of revenue received from the concession and the projected amount of revenue based on the terms of the proposed agreement. An annual 1% increase in gross receipts is assumed for future years.

<u>Year</u>	<u>Revenue</u>
2008 - Actual	\$ 20,044
2009 - Actual	\$ 19,935
2010 - Actual	\$ 18,657
2011 - Actual	\$ 20,371
2012 - Actual	\$ 21,810
2013 - Projected	\$ 22,028
2014 - Projected	\$ 22,248
2015 - Projected	\$ 22,470
2016 - Projected	\$ 22,695
2017 - Projected	\$ 22,922

Recommendation

Upon review of the available information, and changes made to the agreement based on consultation with Corporation Counsel, Risk Management, Parks, and CBDP staff, DAS recommends approval of the vendor permit agreement.



 Josh Fudge, Interim Fiscal and Budget Administrator

- cc: Chris Abele, County Executive
 Supervisor Marina Dimitrijevic, Chair, County Board of Supervisors
 Amber Moreen, Chief of Staff, County Executive's Office
 Kelly Bablitch, Chief of Staff, County Board of Supervisors
 Jim Keegan, Interim Director, Parks, Recreation & Culture
 Laura Schloesser, Chief of Admin & External Affairs, Parks, Recreation, & Culture
 Suzanne Carter, Contracts Services Officer, Parks, Recreation, & Culture
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