

County of Milwaukee
Interoffice Communication

Date: January 10, 2014

To: Supervisor Marina Dimitrijevic, Chairwoman, Board of Supervisors

From: Josh Fudge, Director, Office of Performance, Strategy, and Budget

Subject: Due Diligence Report for a Vendor Permit Agreement with ABC Estabrook, Inc to operate a beer garden at Scout Lake Park.

Issue & Background

I respectfully request that this report be forwarded to the appropriate standing committee(s).

The Department of Parks, Recreation, and Culture (Parks) requests approval to enter into a ten-year agreement with ABC Estabrook, Inc. (ABC-E) to operate a year-round beer garden at Scout Lake Park (located at 5902 West Loomis Road, Greendale, Wisconsin).

In March 2013, the County Board approved a long-term agreement for ABC-E to operate a seasonal beer garden at Estabrook Park. In October 2013, Parks issued a Request for Proposal to provide food and beverage concession services at other locations. ABC-E submitted a written response with a proposal to operate a concession at Scout Lake Park.

The Department of Administration – Office of Performance, Strategy, and Budget (DAS-PSB), Corporation Counsel, Risk Management (Risk), and Community Business Development Partners (CBDP) have reviewed the draft proposal with ABC-E.

Analysis

Applicable portions of the requirements of MCGO 32.88(4) are listed below:

Letter of Full Disclosure

ABC-E provided a letter outlining their intention to comply with the provisions of MCGO 32.88 and attached the required documentation.

Cash Flow Projections

ABC-E provided cash flow and budget projections for the venture. The figures are based on actual performance at the Estabrook site and appear to be reasonable and attainable.

County Operating Budget Impact

The County would have no obligation to budget or pay for any improvements. Some County staff time may be needed for advisory support. Improvements to the facility

would become property of the County upon expiry of the proposed agreement. The County is then responsible for all maintenance cost of improvements moving forward. The maintenance costs of the improvements will be known when the final project plan is approved. The final plan must be approved by the Director of Parks and the Architectural and Engineering Section of the Department of Administrative Services prior to any construction.

Debt Management

ABC-E plans on holding no debt and financing improvements with cash on hand and short term credit arrangements (if needed). The County is not expected to incur any debt related to the proposed agreement.

Legal Liability

ABC-E states that there are no outstanding legal issues.

Financial Reporting Systems

ABC-E retains a private CPA to provide internal accounting and reconciliation services.

Right-To-Audit Provisions

Section 27 of the proposed agreement states that the County may audit ABC-E's records pursuant to MCGO 56.30(6)(e).

Project Feasibility

No feasibility study was conducted. Based on experience at the Estabrook Park facility, the proposed venture is likely feasible.

Governance Structure and Procedures

ABC-E is a private Wisconsin S-Corporation based in Milwaukee, Wisconsin. The registered agent of ABC-E is Hans Weissgerber III.

Employee/Labor Relations Impacts

ABC-E is not involved in any labor contracts. Parks will likely need to devote staff time to ensuring that the County is fulfilling the terms of the agreement. A need for additional County staff is not anticipated.

Environmental Concerns

No potential environmental concerns have been identified.

Tax Consequences

ABC-E is a for-profit corporation and is responsible for all applicable taxes.

Capital Management/Maintenance

ABC-E intends to make improvements to the park including ADA accessibility and restroom upgrades. Improvements to the park would become property of the County upon expiry of the agreement. The County is then responsible for all maintenance cost of improvements moving forward. The maintenance costs of the improvements will be

known when the final project plan is approved by the Director of Parks and the Architectural and Engineering Section of the Department of Administrative Services.

Conflict of Interest/Ethics

ABC-E has stated they are aware of the Milwaukee County Ethics Code and to their knowledge no potential conflicts of interest exist.

Org Chart / Mission Statement

ABC-E provided an organizational chart. Their mission statement is:

“We set forth on a mission to develop an authentic public beer garden in a Milwaukee County Park. Principal to this concept is the idea that a private, for-profit business enterprise can exist for the greater good of the community. We see ourselves as stewards of the people’s property.”

Name of Bank to Determine Single or Combined Reporting

ABC-E maintains accounts at PyraMax Bank, 7001 W. Edgerton Ave, Greenfield, WI 53220.

Recommendation

Upon review of the available information, and upon consultation with Corporation Counsel, Risk Management, Parks, and Community Development Business Partners staff, DAS-PSB recommends approval of the draft agreement.



Josh Fudge, Director, Office of Performance, Strategy, and Budget

- 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
- John Dargle, Director, Parks, Recreation & Culture
- Laura Schloesser, Chief of Admin & External Affairs, Parks, Recreation, & Culture
- Suzanne Carter, Contracts Services Officer, Parks, Recreation, & Culture
- Don Tyler, Director, Department of Administrative Services
- Jessica Janz-McKnight, Research Analyst, County Board
- Stephen Cady, Fiscal and Budget Analyst, County Board