

**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 an agreement with The Carol Company, INC d/b/a Milwaukee Bike and Skate Rental and Milwaukee Lakefront Segway to provide Segway and bicycle rental 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 The Carol Company (Carol) to provide Segway and bicycle rental concession services at Veterans Park.

Background

In January 2013, Parks issued Requests for Proposals (RFP) for Segway and bicycle rental services at Veterans Parks. Carol was selected as the successful bidder to continue providing concession services. Parks has received an average of \$25,335 in annual commission from the combined concessions since 2008¹.

Review & Analysis

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

Carol would be permitted to operate a concession for the rental of Segways, bicycles, skates, and related products at the County-owned building on the end of Lagoon Drive in Veterans Park. The concession shall be open daily from 10:00 a.m. to 7:00 p.m., weather permitting.

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, Carol shall remove all of its supplies, displays and related items within three (3) 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 23% of gross receipts for Segway and bicycle/skate rentals, with a guaranteed annual minimum of \$31,000. The previous agreement with Carol (in effect from 2008 to 2012) provided that the County would receive 17% of gross receipts with no annual minimum. 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	\$ 23,568
2009 - Actual	\$ 23,397
2010 - Actual	\$ 25,322
2011 - Actual	\$ 27,468
2012 - Actual	\$ 26,920
2013 - Projected	\$ 36,786
2014 - Projected	\$ 37,153
2015 - Projected	\$ 37,525
2016 - Projected	\$ 37,900
2017 - Projected	\$ 38,279

Recommendation

Upon review of the available information, and changes made to the agreement based on consultation with Corporation Counsel, Risk Management, Parks, and CDBP 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
 Don Tyler, Director, Department of Administrative Services
 Jessica Janz-McKnight, Research Analyst, County Board
 Stephen Cady, Fiscal and Budget Analyst, County Board