

County of Milwaukee
Interoffice Communication

Date: April 28, 2015
To: Supervisor Marina Dimitrijevic, Chairwoman, Board of Supervisors
From: Josh Fudge, Director, Office of Performance, Strategy, and Budget
Subject: Due Diligence Report for vendor permit agreement with Cupol Enterprises, LLC d/b/a St. Francis Brewery to operate a beer garden concession at Humboldt 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 authority to enter into a five-year agreement with Cupol Enterprises, LLC d/b/a St. Francis Brewery (Cupol) to operate a beer concession and conduct certain leagues and tournaments in Humboldt Park.

The Department of Administration – Office of Performance, Strategy, and Budget (DAS-PSB), Corporation Counsel, and Risk Management (Risk) have reviewed the draft agreement.

Analysis

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

Letter of Full Disclosure

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

Cash Flow Projections

Cupol provided cash flow and budget projections for the venture. The figures appear to be reasonable and attainable.

County Operating Budget Impact

Per the terms of the proposed agreement, Cupol will pay the County a commission of 20% of gross sales on alcoholic beverages and 10% on league and tournament receipts. Cupol will also reimburse the County \$700 per month for utilities. Based on the estimate of sales provided by Cupol estimated net increase in revenue to the County will be approximately \$61,560 in 2015.

Legal Liability

Cupol provided a letter stating that there are no pending legal claims.

Financial Reporting Systems

Cupol retains an accounting firm to compile monthly and annual financial reports.

Right-To-Audit Provisions

Section 28 of the proposed agreement contains the standard provision allowing the County (or an agent of its choosing) to audit any and all records related to the partnership.

Project Feasibility

There were no feasibility studies conducted. Based on the experience of Parks staff with other similar concessions, they believe there is sufficient demand Park for the concession to be successful.

Governance Structure and Procedures

Cupol is a privately owned Wisconsin LLC that operates in accordance with the laws of the State of Wisconsin.

Employee/Labor Relations Impacts

Cupol is not involved in any labor contracts.

Environmental Concerns

Cupol is not aware of any environmental concerns regarding this proposal site and facility.

Governance Structure and Procedures / Tax Consequences

Cupol operates as a for-profit LLC and I responsible for all applicable taxes.

Capital Management/Maintenance

Cupol plans to make at least \$15,000 of capital improvements to the facility during the five year agreement. Cupol is responsible for all costs of construction and improvements to the facility. The plans must be approved by the Architecture and Engineering Section of DAS-Facilities Management prior to the start of work. The County is responsible for certain major repairs related to the structural components of the premises.

Cupol will also set aside 5% of sales into a maintenance fund for minor improvements to the building. The fund will be jointly controlled by Cupol and Parks.

Conflict of Interest/Ethics

Cupol states that to their knowledge no potential conflicts of interest exist.

Name of Bank to Determine Single or Combined Reporting

Cupol maintains financial accounts at Johnson Bank, 333 E Wisconsin Ave, Milwaukee WI, 53202.

Recommendation

Upon review of the available information, and upon consultation with Corporation Counsel, and Risk Management, DAS-PSB recommends approval of the draft agreement.

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

cc: Chris Abele, County Executive
Supervisor Gerry Broderick, Chair, Committee on Parks, Recreation, & Culture
Raisa Koltun, 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
Teig Whaley-Smith, Director, Department of Administrative Services
Jessica Janz-McKnight, Office of the Comptroller
Stephen Cady, Office of the Comptroller