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(ITEM) From the Director, Milwaukee County Zoo, requesting authorization to execute a Concessions, non-exclusive Catering, and Novelty Operations Agreement with Service Systems Associates, Inc., for a ten-year term with possible five-year extensions pending Milwaukee County Board approval, by recommending adoption of the following:

A RESOLUTION

WHEREAS, Milwaukee County continues to face financial challenges from expenditure funding pressures and from addressing revenue aid gaps from State and Federal mandated services which has put considerable burden on the County’s discretionary services that rely more heavily on County taxpayers; and

WHEREAS, even though the Milwaukee County Zoo (Zoo) generates 73% of its budget from revenues, it still relies on an average of 27% of its budget from property taxes and continually looks for ways to enhance revenue streams, foster funding partnerships, enrich the guest experience, and identify industry leading programming for growth returns; and

WHEREAS, the Zoo is currently working on building the West Entrance and Parking Lot and will begin the planning stages for a new elephant exhibit; and

WHEREAS, the Zoo is moving forward with updating its exhibits to meet Association of Zoos and Aquariums accreditation standards and is refreshing its exhibits to maintain and increase attendance; and

WHEREAS, the Zoo also needs to look for additional funding partners so a Request for Proposals (RFP) for a new service model for Concessions, Catering, and Novelty Operations at the Zoo was issued; and

WHEREAS, the Zoo worked with the Procurement Division, Department of Administrative Services (DAS), and a consultant from Schultz and Williams, Inc., who has extensive experience in the business operations of zoos, in order to develop a RFP seeking a new service model for Concessions, Catering, and Novelty Operations; and

WHEREAS, the RFP was released on July 18, 2014, and posted on the Procurement Division, DAS, website and 1,631 emails were sent out by Procurement staff announcing the RFP; and

WHEREAS, 11 companies responded with interest, 10 companies submitted letters of intent and participated in a site visit over a two-day period, six companies submitted proposals that were due on August 15, 2014, and the proposals were evaluated by a review panel, and the two highest scoring companies were interviewed,

46 including site visits to ensure what they said they could do was actually happening at
47 their service locations; and

48
49 WHEREAS, Service Systems Associates, Inc., (SSA) was chosen because of the
50 following: SSA has 40 years of service with both public and private zoological
51 institutions across the nation; SSA has 31 zoo partners in 16 different states serving
52 approximately 25 million guests annually; SSA is recognized as the national leader in
53 the zoo and aquarium visitor service industry; and SSA received the highest overall
54 score and the consultant's evaluation on the financials showed the highest confidence
55 factor in SSA's revenue and commissions package; and

56
57 WHEREAS, the Agreement includes guaranteed commission rates, guaranteed
58 revenue streams, a \$3 million guaranteed capital investment, and \$150,000 in
59 guaranteed marketing support; and

60
61 WHEREAS, the table below shows the percentage of gross sales and
62 commission rates for the Zoo:

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Category	Sales	Commission
Concession Food & Beverages and Vending	\$0 - \$2,000,000	25%
	In excess of \$2,000,000	28%
Retail Gifts	All Sales	30%
External Catering Food & Beverage	All Sales	15%

64
65 ; and

66
67 WHEREAS, the table below shows the five-year projected commissions and
68 revenue guarantees:

69

	2015	2016	2017	2018	2019
ATTENDANCE	1,309,500	1,329,143	1,349,080	1,369,316	1,389,856
Projected					
Commissions	\$1,740,623	\$1,908,647	\$2,013,545	\$2,096,498	\$2,174,535
Guaranteed					
Commissions	\$1,450,000	\$1,650,000	\$1,700,000	\$1,750,000	\$1,800,000

70
71 ; and

72
73 WHEREAS, in exchange for Concessions and Novelty exclusivity rights and non-
74 exclusive Catering rights, SSA will invest \$3 million in capital spending to improve the
75 Zoo's physical amenities, which totals \$600,000 per year over a five-year period with
76 most of the improvements completed in the first three years of the Agreement; and

77
78 WHEREAS, the improvement of Zoo facilities will increase the visitor's perceived
79 value of the amenities, increase efficiencies, and allow for a broader menu and

80 merchandise mix that will drive revenue increases by increasing the per capita
81 spending, improving speed of service, and enhancing the guest experience; and
82

83 WHEREAS, the table below shows the impact to the 2015 Operating Budget
84 expenditures and revenues and the value of SSA's capital improvements and
85 marketing support (note: for presentation purchases, the capital investment of \$3 million
86 and \$150,000 in marketing support is spread over the first five years of the agreement):
87

Budget Impact Analysis	Expenditures	Revenue	Tax Levy
<i>Zoological Gardens</i>			
Net 2015 Operating Impact	\$ (3,665,874)	\$ (3,665,874)	\$ -
<i>2015 Service Systems Associates</i>			
Capital Investment	\$ -	\$ 600,000	\$ (600,000)
SSA Annual Marketing Support	\$ -	\$ 30,000	\$ (30,000)
Total Additional Support from SSA	\$ -	\$ 630,000	\$ (630,000)
Net 2015 Contract Impact	\$ (3,665,874)	\$ (3,035,874)	\$ (630,000)

88
89 ; and
90

91 WHEREAS, the 2015 net value of the Agreement is a savings of \$630,000 for
92 2015 and there are benefits, savings, and/or revenues to the Zoo, County, and the State
93 that cannot be measured at this time but include the following:
94

- 95 • Revenue growth will translate into increased taxes paid by SSA to the County
96 and State.
- 97 • Enhanced visitor experience that will increase attendance and return visits, which
98 increases other Zoo revenue accounts.
- 99 • Higher quality food service and novelty items available.
- 100 • SSA will pay sales tax on purchases whereas the County is exempt.
- 101 • Reduction in workers compensation claims with a reduction of approximately 200
102 seasonal employees, moving the risk to SSA.
- 103 • Transfer of food liability to SSA.
- 104 • Future equipment repairs and transfers will be done by SSA.
- 105 • Human Resources/Ceridian payroll savings with less employees.
- 106 • Reduce financial impact of the Affordable Care Act health care costs for year-
107 round seasonal employees.
- 108 • Fuel savings.
- 109 • Cash handling risk mitigation and transfer to SSA.
- 110 • Reduced training costs.
- 111 • Additional full-time employees will be added to the Zoo, creating additional
112 income revenue to the State.

113
114 ; and
115

116 WHEREAS, the Committee on Parks, Energy, and Environment, at its meeting of
117 May 12, 2015, considered this resolution for informational purposes only; and
118

119 WHEREAS, the Committee on Finance, Personnel, and Audit, at its meeting of
120 May 14, 2015, provided no recommendation on the Director's request, due to a tie vote
121 on a motion to recommended adoption (vote 4-4); now, therefore,
122

123 BE IT RESOLVED, the Director, Milwaukee County Zoo, is authorized to execute
124 an Agreement with Service Systems Associates, Inc., for Concessions, non-exclusive
125 Catering, and Novelty Operations at the Milwaukee County Zoo for a period of 10 years
126 and, with the approval of the Milwaukee County Board of Supervisors, the term of the
127 Agreement may be extended for additional five-year terms.
128

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130 jmj
131 05/14/15
132 S:\Committees\2015\May\FPA\Resolutions\15-333.docx