

# Concession Agreements

- Decision to use a concessionaire versus self operating should be based on expertise and commitment to the service and product
- Don't assume that contracting with a concessionaire will be any less complicated or time consuming than doing it yourself
- To get the best deal, issue a Request For Proposals to assure that there is competition - keeps everybody honest
- Be prepared to continue to self operate - don't get caught "having" to contract with a concessionaire
- Duration is primarily based on investment by concessionaire and ability to recover investments - 5 years should be a minimum commitment timeframe or you probably should not contract out
- Percentage of gross (never do a net profit basis) is based on margins and investment by concessionaire - other considerations include resident discounts, youth programming
- Consider using a sliding scale or increase in the percentage over time to allow business to grow in the first 3-5 years
- You should maintain review and approval in the contract for menu, pricing, hours of operation and length of season. If you execute a long term agreement and do not have review and approval on these items, you will regret it
- Be clear in expectations with the concessionaire - if having the operation open all the time is important, put in a penalty clause for closing and give on the percentage if necessary
- Make decisions with the concessionaire that make sense and help make the business successful - nobody wins if they are driven out of business
- Make the concessionaire responsible for utilities and equipment - take a cut in percentage if necessary
- Have concessionaires do the improvements when possible
- Make the concessionaires responsible for keeping the building improved - don't allow the lease to encourage "disinvestment" towards the end of the lease term

## Minneapolis Park Board Concession Contracts

### 1. Canoe/kayak rentals - Lake Calhoun

72% of gross, no concessionaire investment

### 2. Excursion Boats - Mississippi River

5% of gross, major investment

### 3. Tennis Centers - Fort Snelling, Nicollet

3% of gross, resident discounts, youth programming - Fort Snelling - \$4.5 million dollar facility is owned by Park Board at the end of the lease

### 4. Food Service - Calhoun, Harriet, Nokomis, Minnehaha, Columbia Club House

10% to 17% of gross, investment in facilities (5% of gross over 5 year term)

### 5. Bike Rentals - Minnehaha

15% of gross, concessionaire invested in equipment

### 6. Catering (exclusive) - Nicollet Island Pavilion, Wirth Clubhouse, Hiawatha Clubhouse

15% of gross, investment in facilities

### 7. Catering (non-exclusive) - Columbia Manor, Cowles Conservatory

12.5% of gross, minimal investment

### 8. Calhoun Yacht Club Sailing Program - Lake Calhoun

8% of gross, concessionaire invests in equipment, resident discounts, youth program

### 9. Restaurant - Nicollet Island Inn

3% of gross sales, base rent, land lease - building is owned by concessionaire

### 10. Events - US Pond Hockey

10% of registrations and concessions