

Session: Innovative Financing for Operations and Maintenance

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Note-taker: Amanda Prosser, Brauer & Associates, amanda@brauer-ltd.com

Leo McAvoy – University of Minnesota

See attached sheet for summary of notes. The discussion stayed on track with the summarization Leo had already put together.

Don Siggelkow – MPRB

Concessions have become very important to the Minneapolis Park Board. For example, 5 years ago they had four major concessionaires bringing in a total of \$300,000. Today they have 14 major concessionaires with a profit of \$1-1.2 million. These concessionaires have also invested \$6 million into park facilities.

When do you want to use a concessionaire?

These are the questions you should ask yourself.

Do you do the business well?

Do you generate a reasonable profit?

- Can you do it as well as a private concessionaire?

Food Service Concessions

Lake Harriet and Lake Calhoun both had food concessions and both were making a reasonable profit, but it is known that customer preferences change over time. A study market was done and it was found that at Lake Harriet people were pleased with the current concessionaire. At Lake Calhoun the responses were quite different. People wanted to see beer/wine and different selections of food. The Park Board brought in an operator who provided Tin Fish; which was a fresh seafood concept. Before Tin Fish was up and running the food concessions at Lake Calhoun averaged \$110,000 in gross sales. The first year Tin fish was running its gross sales were \$500,000 the first year and \$600,000 the second year.

It is important to increment contracts depending on the investment level.

It is also important to stress to vendors that you want them to stay open no matter what. For example if the vendor wants to shut down on a rainy day make them pay \$500 to compensate for losses.

Need to deal with community leaders and advocacy groups before writing RFP and sending it out to the community. You need to write the RFP base on the needs and wants of these groups and the community.

Please see attached sheets for summary of notes put together by Don.

Ron Bastian – Rochester

In Rochester there are 5 main facilities; Civic Center, Exhibit Hall, Sports Facilities, Golf, and the Recreation Department, and they all were operating independently for advertising.

Some of the locations within these facilities that had advertisements on them included, hockey rink boards and on-ice, signs, banners, etc.

Rochester approached the private sector for an advertisement firm and chose Front Row Marketing from Pennsylvania to help them evaluate their advertisement value and needs.

Currently, Front Row Marketing is evaluating all of Rochester's recreation facilities and assets within those facilities and giving them a dollar value based on impressions.

Whatever marketing scheme is accepted, it will have to be tasteful and appropriate for the age group it is geared for.

Once advertisers have been entered into the system it is very important to follow-up with those groups and ask them if they are happy with their advertisement situation and if they would like to renew their contract.

Question:

- When dealing with corporate sponsorships how do you determine what is a good fit and what isn't? The amount of recognition given to the donor will depend on the setting in which it is placed. In a Natural Resource Park corporate branding is much tougher because of the surroundings, but is much easier at an athletic complex.
- In most cases visitors will not care about corporate sponsorship. It will be the park advocacy groups that disagree will it the most. One inventive way of having corporate sponsorship within a natural setting is to name a trail after the sponsor but also have the sponsor give \$500,000 to restoring a wetland within the park.
- Are we selling naming rights to cheap? Naming rights should cost 50% of total park cost.

See attached sheet for summary of notes put together by Ron.

Jim Topitzhofer – Richfield

Partnering with other groups is a great way to increase revenue for all parties. A couple of ways to partner is to offer joint health services for senior programs or to collaborate on community education programs. When this is done both groups need to make a conscious effort to meet with each other to discuss programs before they are offered so services are not duplicated.

Comment:

- It would be great to have a constant built-in system for getting feedback on programs. County Parks are starting to create activity programs and they should be discussing with the surrounding school districts and City parks to determine if they are overlapping in provided services or if there are any gaps that need to be filled.

See attached sheet for summary of notes put together by Jim.

Other Comments:

- State parks have brought in people from the Correction Facilities for maintenance work. Typically these workers do not get paid anything, the only problem that may come up is convincing the union that workers are not being displaced by having the correction facilities come in and do the work.
- A man from Albert Lea said that he has employed people from the Development Achievement Center. The people are mentally disabled and can be employed for \$0.12 an hour. Typically, there are five crew members and one leader. They do work such as litter control and restroom facility cleaning.

Top 3 Comments/Themes:

- When building relationships in collaboration identify your objectives and put it in writing so there is not chance for confusion later on.
- Knowing when and where to use corporate sponsorship and knowing when you have crossed the line.
- There is a lot of hard work in developing partnerships and they are not as easy as once thought. Groups constantly have to enact in partnerships to achieve objectives and positive outcomes.