



To: Lake Harriet Citizen's Advisory Council

From: Don Siggelkow, General Manager

Date: June 17, 2009

Re: Concessions Background

Responses are provided to each of the following questions developed by CAC members:

- 1.) What is the relationship between enterprise revenues and what those monies fund?

2009 Estimated

(from the 2009 Budget pages 72-85)

Function	Income	Expenses	Net Income
Golf Operations	\$7,043,000	\$5,933,000	\$1,110,000
Parking Operations	\$1,048,000	\$248,000	\$800,000
Permits, Concessions, Other	\$1,937,000	\$1,238,000	\$699,000
Ice Arena Operations	\$855,000	\$846,000	\$9,000
TOTAL	\$10,883,000	\$8,265,000	\$2,618,000

Enterprise Net Income Use – Priority Ranked

- 1.) Payment for bonds issued to develop the Nieman Youth Sports Complex (\$1,053,000)
- 2.) Support for Teen Teamworks Youth Employment (\$145,000)
- 3.) Support for Park Board Operations (\$150,000)

The balance after supporting the first three priorities is used to fund capital repairs for enterprise facilities and new income generating facilities and ventures for the enterprise operations.

- 2.) How the funding works for concessions; who pays for what; what level of public subsidy exists?

Concession agreements are included in section 11 of the CAC book – the responsibilities are outlined in each contract and vary by facility. There are no “public subsidies” for the concessions.

- 3.) Actual revenues over time by site; annotated with notes about why certain things happened.

The best breakdown of this is shown in the CAC book in section 14 where a 29 year history of the revenues and expenses are shown along a key on self operated, contracted operation and construction periods.

- 4.) What is a reasonable payback period for the vendor’s rehab and equipment investment?

The length of the contract is dependent on the level of investment and the profit margins for each facility. An example is in section 11 of the CAC book, section 2, page 2 of the agreement with SNP Enterprises (Tin Fish).

- 5.) How much is “enough” money from concessions, which ones, and for what purpose? And,
- 6.) The underlying reasons for having concessions at all, anywhere; what’s the purpose, intent, value, impacts, benefits, etc. (tied to the Comprehensive Plan, Board Priorities/decisions, cost and revenue information, what revenues fund, etc.)

The Minneapolis Park and Recreation Board has a rich history in the enterprise operation dating back to 1887. The section on “Revenue Producing Activities and Kindred Accommodations” from the book entitled the Minneapolis Park System by Theodore Wirth is included for your review. The same philosophy outlined by Theodore Wirth is upheld today by the staff of the Minneapolis Park and Recreation Board.