

ITEM #59₍₂₎

**ADDITIONAL MATERIAL
10:00 A.M. REGULAR MEETING**

FEBRUARY 27, 2018

SUBMITTED AT THE REQUEST OF

PARKS AND RECREATION DIVISION



PARKS AND RECREATION DIVISION • Administrative Offices
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*Winner of the National Gold Medal Award for Excellence in Park and Recreation Management
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MEMORANDUM

DATE: February 16, 2018

TO: Board of County Commissioners

THRU: Bertha Henry, County Administrator

FROM:  Dan West, Director, Parks and Recreation Division

SUBJECT: **Negotiations between Broward County and Meta-Science, Inc. for Butterfly World at Tradewinds Park – Agenda Item #59 February 27, 2018**

Tradewinds Park & Stables, a Broward County regional park, opened its doors in 1978. The amenities included athletic fields, horse stables, and picnic shelters. It has since grown to become one of the most diverse parks with amenities such as equine-assisted therapy and activities, model steam train rides, the seasonal Holiday Fantasy of Lights, and the Butterfly World attraction.

In 1988, Broward County (County) entered into a lease agreement with Meta-Science, Inc. for the Butterfly World concessionaire (BW) for the rental of approximately three acres of public property situated within Tradewinds Park & Stables. The BW agreement is now unique in that all other revenue-generating concessionaires using County parks currently have revenue sharing formulas in their license agreements. BW's current lease expires on March 24, 2018, and staff proposes a new agreement consistent with other similarly situated (County) public/private revenue-generating agreements.

Terms of Current Agreement

- Lease agreement for approximately three acres of public property in exchange for constructing, maintaining, and operating a revenue-generating concession.
- Term was for two years beginning in 1988 with 14 automatic two-year extensions at BW's option, resulting in a 30-year term.
- At the start of the agreement, the annual payment was \$2,000 per year and increased in \$2,000 increments until the current \$18,000 annual payment was reached in 2012. Per the agreement, there have been no increases since.

County's Proposed Terms

- License Agreement terms for the same public acreage, which offers County quality control, inspection rights, transparency, maintenance standards, operating schedules, and fair fee.
- Term for five years.
- Guaranteed annual payment of \$115,000 or three percent of gross, whichever is greater.

Background Information

Parks and Recreation Division (Parks) has enjoyed having BW as a tenant in Tradewinds Park & Stables and looks forward to continuing the public/private partnership. Parks staff have been interacting with BW representatives for several years attempting to have a contemporary County-vendor relationship in place that reflects the promotional value of the attraction but also a reasonable business value to the public. BW insists on continuing with a similar lease-agreement structure, which staff believes is unrealistic in 2018; especially in light of its other park agreements.

BW initially responded to a competitive Request for Proposal and was awarded the opportunity to negotiate a first public/private partnership for the Parks system. This partnership allows for Meta-Science, Inc., a multi-million dollar for-profit corporation, to operate BW on public land with no responsibilities for taxes for real property. Since then, the County has negotiated several public/private partnerships. However, all Park concessions are license agreements. Staff recommends the new BW agreement be structured the same for consistency, so as not to risk setting a precedent for new or existing concessionaires.

During the negotiations BW rejected the County's proposed terms, which are well below the average license agreement fees collected by Parks, did not agree to a percentage of gross earnings, nor agree to revenue reporting. Instead, BW offered the County up to \$30,000 per year.

The regional park entrance fee (\$1.50/person) paid by the public on weekends and holidays are applied to the General Fund for the upkeep and maintenance of the park. Meta-Science, Inc. has proposed that BW's annual payment be offset by this County revenue source with no measurement as to the percentage of the park patrons that will visit only BW versus utilizing other park amenities, which is routinely done.

In 1988, BW's admission fees were \$6/adult and \$4/child. As of 2018, the admission fees are \$29.95/adult (or 399% increase) and \$21.95/ages 3-12 (or 449% increase). BW indicates it hosts 40,000 school children through tours of its facility at a fee of \$8/child (\$320,000 annually). This does not include any gift shop or food/beverage sales.

It should also be noted that BW does not allow school groups to use its restrooms and must use Park public restrooms. School groups also use the adjacent playground and picnic shelter at no cost to BW, but at a significant expense to Parks. A conservative estimate for Park staff to maintain those areas and the shared parking lot is approximately \$73,000 per year.

Unlike other concession partnerships, BW has refused to share revenue and/or attendance reporting. All of our other for-profit concessions are required, for transparency purposes, to provide one or both.

Summary

Negotiations for the County were led by George Tablack, Chief Financial Officer, and included participation of the Office of the County Attorney, Office of the County Auditor, the Parks and Recreation Division, and Finance and Administration Services Department. Despite two preliminary meetings and four Sunshine negotiation meetings (June 28, 2017, August 17, 2017, November 15, 2017, and December 1, 2017) held between County staff and representatives of BW, consensus was not reached. BW expressed its firm desire to maintain terms similar to those in the expiring lease agreement and has not been willing to consider terms that are consistent with current County parks license agreements.

At the end of the fourth negotiation meeting, there remains to be no agreement in principle on any of the issues that were discussed, including the fee structure, agreement terms, commitment to capital improvements, transparency, attendance/revenue reporting, lease versus license designation, County's right to inspect, environmental practices and violations reporting, and maintenance of the area outside of the BW facility. To date, there has been no consensus nor indication of reaching a compromise.

DW/cb

Enclosure

c: Monica Cepero, Deputy County Administrator
George Tablack, Chief Financial Officer
Gretchen Cassini, Assistant County Administrator