

MEMO

TO: Park Board

FROM: Greg Vitale, Director of Parks and Recreation

Date: February 16, 2016

Re: Babe Ruth Concession Stand

As discussed in previous meetings, Munster Babe Ruth would like to have a concession stand built near their fields. The construction should start as soon as possible in order for it to be ready for opening day. The previous discussions focused mainly on the construction funding as well as the operation of the concession stand. If Babe Ruth operates the stand, it may take away from the potential revenue at the Town stand. If the Town operates it, Babe Ruth expects a construction contribution. Also, the Town will absorb additional overhead costs. Also discussed was if the park even needs another concession stand.

Regarding the existing concession stand, staff has reduced the menu to only include the items that consumers would expect to see, the higher profit margin items and the items that can be prepared quickly. What this means is that the same concession stand will be operated using one less employee during the normal season while still offering a significant amount of menu options. Busy tournaments will of course require additional employees. If operated in-house, staff is confident that an additional concession stand at Babe Ruth can be operated with two employees. In other words, both concession stands would be operated with only one additional employee than before.

The previously discussed options, as well as a new option that has been discussed, are listed below. Considering the timeline, it would be prudent to give direction by the end of the discussion. Babe Ruth expects the construction to cost approximately \$60,000.

- A) Move forward with just the existing concession stand and determine if the menu and employee changes impact the existing finances.
- B) Allow Babe Ruth to build and operate the concession stand at their expense.
- C) Allow Babe Ruth to build the concession stand and make a 50% contribution to them. The Town will operate the stand themselves or they would allow Babe Ruth to operate it and give a percentage to the Town.
- D) Make a donation to Babe Ruth, who would construct and operate the stand and enter into an agreement in which Babe Ruth would pay a percentage of the net revenue to the Town. What has been discussed so far is a donation of \$10,000 by the Town and a 10-year agreement for Babe Ruth to pay 10% (minimum \$1,000) with the option to buy-out the stand within the first 5 years of the agreement.

All of the options can be tweaked. Also, the options that allow Babe Ruth to operate the concession stand themselves would come with a provision that their prices cost no less than the Town concession stand for all like items.

Recommendation

It is recommended that the Park Board instructs the Director of Parks and Recreation to focus on only one of the avenues regarding the possible construction and operation of a new concession stand near the Babe Ruth ballfields at Community Park.

If the chosen option includes a contribution to the construction of the concession stand, it is recommended that the park board approve a “not to exceed” amount towards it.