



Agenda Item: Discuss and Consider Rates for Concessionaire Use of Amenities and Utilities

Background: The Park Board of Trustees contracts with local and regional small business owners, some who use Park Board facilities and utilities during their daily operations. In the upcoming 2023 season, at least seven concessionaire partners are expected to operate at Stewart Beach Park and R.A. Apffel Beach Park. Several of these partners operate on grounds and in facilities managed by the Park Board and/or use utilities provided by the Park Board.

A rental structure for all concessionaire partners occupying and using facilities and/or utilities will offset Park Board incurred costs.

The rental scenarios to consider are based on the following assumptions:

- \$16,000 paid to the Park Board annually as percentage of gross sales earned [based on prior year actuals]
- Average cost per square foot per month for commercial rental in Galveston is \$1.51 [based on a sample of 12 properties]
- Cost to place mobile concession unit in service at Stewart Beach is \$75,000
- Lifespan on mobile concession unit is 4 to 5 years
- The rent calculations are based on square footage of space issued to the concessionaire

Scenario 1: Low Rental Rate = Return on Investment of 2.74%

Location	Description	Total Sq. Ft.	Price /sq. ft./Month	Annual Lease Expense
East Beach	Pavilion Cantina	250	\$ 1.00	\$ 3,000.00
Stewart Beach	Mobile Amenity	272	\$ 1.00	\$ 3,264.00

Scenario 2: Below Average Rental Rate = Return on Investment of 7.09%

Location	Description	Total Sq. Ft.	Price /sq. ft./Month	Annual Lease Expense
East Beach	Pavilion Cantina	250	\$ 1.25	\$ 3,750.00
Stewart Beach	Mobile Amenity	272	\$ 1.25	\$ 4,080.00

Scenario 3: Average Rental Rate = Return on Investment of 11.45%

Location	Description	Total Sq. Ft.	Price /sq. ft./Month	Annual Lease Expense
East Beach	Pavilion Cantina	250	\$ 1.50	\$ 4,500.00
Stewart Beach	Mobile Amenity	272	\$ 1.50	\$ 4,896.00

Utilities Proposal

The concessionaire partner shall pay for electric, water, sewer and trash removal. Internet/Wi-Fi, data and phone lines are not utilities supplied by the Park Board. Each concessionaire will be responsible for providing their own Wi-Fi, data and/or phone connectivity.

The partner shall pay any maintenance and repair costs of utilities which are attributed to neglect or breakage by concessionaire, including failure to report any issue.

If a separate meter is installed, then the partner shall maintain a maintenance/service agreement to cover billing and payment, routine maintenance, and servicing of utilities used for operation.

If the utilities are not on a separate meter, then the partner shall be billed by the Park Board for use of utilities at a flat rate per month according to the following schedule:

Type and Size	Monthly Fee	Examples of Use
Electric - small consumption	\$ 100.00	refrigerator, computer - non AC space
Electric - medium consumption	\$ 150.00	refrigerator, computer - AC space under 200 sq. ft.
Electric - large consumption	\$ 200.00	refrigerators, ice machines, computer - AC space under 800 sq. ft.
Water - small consumption	\$ 50.00	less than 2,000 gallons per month
Water - medium consumption	\$ 75.00	less than 4,000 gallons per month
Water - large consumption	\$ 125.00	4,000 to 10,000 gallons per month
Water - commercial consumption	Market Rate	greater than 10,000 gallons per month
Trash - small consumption	\$ 25.00	one 96 gallon trash can emptied weekly per month
Trash - medium consumption	\$ 50.00	two 96 gallon trash can emptied weekly per month
Trash - large consumption	\$ 75.00	three 96 gallon trash can emptied weekly per month
Trash - additional cans	\$25 per	Does not include large debris removal or dumpster use

Staff Recommendation: Staff recommends the committee approves \$1.25 per square foot per month for rent and the utilities proposal to support the costs incurred by the Park Board to service the facilities used by concessionaire partners.

Funding Source (if applicable): Rental and utilities fees will be placed into the Park where the operation is located