



Agenda Item: Discuss and Consider Rates for Concessionaire Use of Facilities and Utilities at Parks

Background: The Park Board of Trustees contracts with small business owners as concessionaire partners at the parks managed by the Park Board. Some concessionaire businesses will operate in facilities (pavilion, mobile amenity unit, storage) and/or use utilities provided by the Park Board.

The approved financial structure for the Concessionaire Partner Program requires concessionaires pay both an administrative fee and percentage of gross sales to conduct business on park property. These payments do not include use of facilities or utilities. A financial rental and utility structure for all concessionaire partners occupying and using facilities and/or utilities will offset Park Board incurred costs.

Currently, East Beach and Stewart Beach are the only parks at which concessionaires operate inside facilities provided by the Park Board.

The Finance and Operations Committee reviewed multiple scenarios and recommends the following rental and utilities fees:

Rental Fees with 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

Future business opportunities that include use of Park Board assets at parks managed by the Park Board will be subject to the same rental rate of \$1.50 per square foot per month.

Utilities Fees

Concessionaire partners shall pay for electric, water, sewer and trash removal. Internet/Wi-Fi, data and phone lines are not supplied by the Park Board and each concessionaire will be responsible for providing their own. The concessionaire shall pay any maintenance and repair costs of utilities which are attributed to neglect or breakage by concessionaire, including failure to report any issue.

Some utilities are already in place and are supplied by the Park Board, while other utility needs for future use may require separate meters. The two scenarios below address how each of those options will be managed:

- 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:

<u>Type and Size (Based on Consumption)</u>	<u>Monthly Fee</u>	<u>Examples of Use</u>
Electric – non A/C space	\$ 100.00	refrigerator, computer
Electric – A/C space < 200 Sq Ft	\$ 150.00	refrigerator, computer
Electric - A/C space 200-800 Sq Ft	\$ 200.00	refrigerators, ice machines, computer
Water – less than 2,000 gallons per month	\$ 50.00	
Water – 2,000 to 4,000 gallons per month	\$ 75.00	
Water - 4,000 to 10,000 gallons per month	\$ 125.00	
Water – more than 10,000 gallons per month	Market Rate	
Trash - one 96 gallon trash can emptied weekly	\$ 25.00	
Trash - two 96 gallon trash can emptied weekly	\$ 50.00	
Trash -three 96 gallon trash can emptied weekly	\$ 75.00	
Trash - additional cans	\$25 per	large debris removal or dumpster use additional

Staff Recommendation: Staff recommends approval of the rental rate of \$1.50 per square foot per month, and the utilities rates and structure presented to support costs incurred by the Park Board to service the facilities and utilities used by concessionaire partners at parks managed by the Park Board.

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

**Commercial Properties For Lease in Galveston
Still On the Market as of 11/1/2022**

Address	Description	Use	Sq. Ft	Per Sq.ft. Per Year	Per Sq.ft. Per Month
2101 Church St Rear	Multi-story	Office Space	1500-3061	\$ 23.86	\$ 1.99
500 Seawall Blvd	Piazza Blanca	Office/Retail Space	2000-22063	\$ 12.00	\$ 1.00
4908-4920 Seawall Blvd	Seaside Village	Office/Retail Space	2600	\$ 16.00	\$ 1.33
6225 Stewart Rd	Galveston Plaza	Office/Retail Space	8240	\$15.00 to \$24.00	\$1.25 to \$2.00
12020 Termini-San Luis Pass Rd	Westend	Warehouse	2400	\$ 17.50	\$ 1.46
6501 Stewart Rd	Texas First Bank	Office Space	5500	\$18.00 to \$22.00	\$1.50 to \$1.83
6303-6327 Stewart Rd	Randalls	Office/Retail Space	1000-53223	\$15.00 to \$24.00	\$1.25 to \$2.00
622 Kempner	Downtown	Office Space	5197	\$ 24.00	\$ 2.00
6615 Stewart Rd	Central City	Office Space	2730	\$23.00 to \$26.00	\$1.92 to \$2.17
2302 45th St	Lasker Park	Office Space	2808	\$ 19.44	\$ 1.62
4302 Ball	Carver Park	Flexible	4700	\$ 8.00	\$ 0.67
2200 Market	Highrise	Office Space	5041	\$ 21.00	\$ 1.75

Average: \$17.44 to \$19.71 \$1.45 to \$1.57