Resolution 2012-146

Resolution that the Board of Commissioners Approve the 2012 Management Agreement with the YMCA for a Three Year Term Subject to the Conditions Contained in the Management Agreement to Operate the North Commons Water Park

Whereas, The Minneapolis Park and Recreation Board ("MPRB") was created by the Minnesota Legislature in 1883 and has the authority to manage and operate park facilities;

Whereas, The MPRB 2007-2020 Comprehensive Plan identifies for a safe place to play, recreate, contemplate and celebrate;

Whereas, The MPRB is authorized to contract with public and private entities;

Whereas, The MPRB is the owner and operator of an aquatic park (the "Water Park") located at North Commons Park;

Whereas, The MPRB and The Young Men's Christian Association of Metropolitan Minneapolis ("YMCA") are committed to improving opportunities for recreational activities in Minneapolis;

Whereas, The MPRB and the YMCA are both interested in increasing attendance at the Water Park;

Whereas, The MPRB and the YMCA have a commitment to open and affordable access to the Water Park;

Whereas, The YMCA has experience in the management and operation of aquatic facilities that contain amenities and equipment similar to those at the Water Park;

Whereas, The YMCA has successfully managed and operated the Water Park for the past 5 years;

Whereas, The YMCA has a desire to continue managing and operating the Water Park;

Whereas, The MPRB wishes to enter into an agreement with the YMCA to manage and operate the Water Park for the benefit of the people of the City; and

RESOLVED, That the Board of Commissioners approve a Management Agreement with the YMCA for a three year term subject to the conditions contained in the 2012 Management Agreement; and

RESOLVED, That the President and Secretary to the Board are authorized to take all necessary administrative actions to implement this resolution.

TO: Recreation Committee

FROM: Tim Kuebelbeck, Manager Golf Operations

DATE: March 14, 2012

SUBJECT: Resolution that the Board of Commissioners Approve the 2012 Management Agreement with the YMCA for a Three Year Term Subject to the Conditions Contained in the Management Agreement to Operate the North Commons Water Park

BACKGROUND

On May 25, 2007, the Minneapolis Park and Recreation Board (the "Board) entered into a management agreement and partnership with the YMCA to operate and manage North Commons Waterpark. The agreement required the YMCA to:

1. Provide for all chemicals, materials, supplies, equipment, insurance, supervision and labor to operate the waterpark and comply with all applicable federal, state and local laws, ordinances and regulations.
2. Develop and provide all instructional programs at the waterpark.
3. Collect all monies and fees associated with daily admissions, instructional programs and groups using the waterpark.

The agreement required the Board to:

1. Provide all materials, supplies, equipment, supervision and labor to open the waterpark for the season.
2. Provide all materials, supplies, equipment, supervision and labor to close the waterpark for the season.
3. Provide all materials, supplies, equipment, supervision and labor to maintain the infrastructure of the waterpark including buildings and furnishings, waterslides, benches, tables and fences.
4. Provide payment of $156,750 to the YMCA each year of the agreement to support funding of the annual costs associated with the operation of the waterpark.

The agreement also provided for a 2-year extension that was granted in 2010. Prior to granting the extension the management agreement was modified and the annual support funding provided by the Board was decreased from $156,750 to $109,665. This decrease was attributable to removing the reimbursement for utility payments from the agreement and having the Board assume those liabilities. Utility costs average $45,000 per year.

The table below shows the operational performance and the attendance at the waterpark for the past 7 years.

Year	Revenue	Expense	Net Income	Attendance	Operator
2005	$24,724	$200,340	($175,616)	9,630	MPRB
2006	$27,333	$209,381	($182,048)	8,746	MPRB
2007	$35,310	$275,964	($240,654)	8,209	YMCA
2008	$63,121	$252,160	($189,039)	8,729	YMCA
2009	$41,520	$218,943	($177,423)	9,252	YMCA
2010	$45	$197,249	($197,204)	10,433	YMCA
2011	$0	$188,140	($188,140)	12,353	YMCA

The management agreement and partnership between the Board and the YMCA has kept net income fairly steady while increasing attendance on average 9.75% each year. The exception was in 2007 when the YMCA requested the Board make investments to the facility prior to assuming management of the waterpark.

The management agreement before the Board is a 3-year agreement that continues through 2014. An additional 2 year term is provided upon mutual consent of the Board and the YMCA.

Highlights of the management agreement include:

The YMCA shall provide for:

- Furnishing and maintaining all materials, supplies, equipment, superintendence, labor, insurance and services necessary to manage and maintain the Water Park.
- Providing routine maintenance and repairs to all Water Park fixtures, structures and equipment during the Operating Season.
- Repairing all damage to the Water Park caused by any willful, wrongful, or negligent act of its officers, agents, employees, independent contractors or patrons during the Initial Term or any Additional Term.
- Complying with all applicable laws, ordinances and regulations of duly constituted public authorities in any manner affecting the Water Park.
- Providing instructional aquatic programs for children and adults at the Water Park.
- Collecting all fees from persons and groups using the Water Park.
- Collecting all fees from persons participating in instructional aquatic programs at the Water Park.
- Maintaining, and providing upon request records and accounts for all revenues and expenses related to the operation, management and maintenance of the Water Park.
- Providing to the Park Board at the end of each month a summary showing daily revenues collected, daily attendance and, expenses from the operation and management of the Water Park.
- Recruiting and hiring instructors and any other persons necessary for the management and maintenance of the Water Park.

- Ensuring that all persons employed by the YMCA as aquatic instructors and/or lifeguards and who work at the Water Park are at least sixteen (16) years old and, unless they are at least twenty-one (21) years of age, are supervised by an aquatics supervisor who is at least twenty-one (21) years of age.
- Ensuring all persons employed by the YMCA as lifeguards are certified by the American Red Cross in CPR and First Aid
- Ensuring all persons employed by the YMCA as aquatic instructors are certified as Water Safety Instructors.
- Paying its employees for work at the Water Park during the Initial Term and Additional Term.
- Paying all expenses related to the maintenance and management of the Water Park.

The MPRB will be responsible for readying and filling the pool for use prior to and for draining and winterizing the pool at the end of the Operating Season. The MPRB will also be responsible for maintaining the physical infrastructure and paying costs associated with utilities at the Water Park.
The management agreement requires the MPRB to pay to the YMCA $109,665 annually for the management of the Water Park.
The agreement also addresses the future capital improvement of the Water Park. Prior to October of 2012, the Board and the YMCA will meet to prepare a 5-year capital improvement plan for the Water Park and present it to the Board. The agreement calls for both the YMCA and the Board to pursue private funding for the plan.
Mr. Henry C. Crosby, Executive Director, North Community YMCA Youth and Teen Enrichment Center will be in attendance and available for questions. Mr. Crosby will also talk briefly about the synergy this agreement brings to North Minneapolis and programming at the North Community YMCA.

LEGAL REVIEW
Legal counsel has reviewed and approved the Management Agreement for North Commons Waterpark.

RECOMMENDATION
Staff recommends that the Board of Commissioners approve a Management Agreement with the YMCA for a three year term subject to the conditions contained in the Management Agreement.

ATTACHMENTS

2007 Management Agreement - YMCA
2010 Amendment to YMCA Management Agreement – 2-Year Extension
2012 Management Agreement - YMCA

PREVIOUS BOARD ACTIONS

May 16, 2007. Approval of a Management Agreement with the YMCA for the North Commons Waterpark Operations.

ATTACHMENTS:

- 2012 Management Agreement - YMCA (PDF)
- 2010 Amendment to YMCA Management Agreement - 2 year extension (DOC)
- 2007 Management Agreement - YMCA (DOC)

Prepared By: Tim Kuebelbeck, Manager Golf Operations, Aquatics
Review:
Jayne Miller Completed 03/05/2012 3:00 PM
Recreation Committee Completed 04/30/2012 3:38 PM
Minneapolis Park and Recreation Board Completed 04/26/2012 11:39 AM