

Mayor and Council Communication

DATE: 04/26/22

M&C FILE NUMBER: M&C 22-0327

LOG NAME: 80MAYFEST RENTAL FEE 2022

SUBJECT

(ALL) Authorize Execution of Amendment No. 4 to City Secretary Contract Number 38500, a License Agreement with Mayfest, Inc., to Allow a One-Time Reduction to the Base Rent for the use of Trinity Park for the Annual Mayfest Event and Find that the One-Time Reduction Serves a Public Purpose

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize Execution of Amendment No. 4 to City Secretary Contract Number 38500, a License Agreement with Mayfest, Inc., to allow a one-time reduction to the base rent for the use of Trinity Park for the annual Mayfest Event; and
 2. Find the one-time reduction serves to carry out the public purpose of providing an annual community event which generates funds that are invested back into the Park and Recreation Department and community, and that adequate controls are in place to carry out such public purpose.
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DISCUSSION:

From its inception in 1973, Mayfest paid the City of Fort Worth (City) an annual rental fee of 20% of net operating profits from the Mayfest event, an annual event for the enjoyment of the public, held at Trinity Park. That same rental structure was followed with the initial execution of the current license agreement in 2009 (M&C C-23491; City Secretary Contract (CSC) No. 38500).

To allow both parties more certainty for planning and budgeting purposes, the agreement was amended effective May 2011. Under the terms of the amended agreement Mayfest pays an annual base rent amount (\$25,00 per year in the initial term; \$26,500 per year beginning with the first renewal) plus 10% of the net operating profits from the Mayfest event (collectively, the License Fee) (M&C-24777; CSC No. 38500-A1).

The funds paid to the City are appropriated into the Park & Recreation Department General Capital Project fund each year and allocated to make improvements to Trinity Park, primarily within the festival site. Past improvements have included park infrastructure, shelters, playground improvements, and portable restroom enclosures.

While these improvements are targeted at enhancing the festival site and improve the efficiency of the festival set up and operation, they also provide park improvement benefits for users year-round.

In addition to paying the City the License Fee, Mayfest awards a portion of the events profits to the three founding agencies - the Junior League of Fort Worth, Streams & Valleys, Inc., and the City of Fort Worth Park & Recreation Department (PARD).

For the five years prior to COVID19 (2015 through 2019) the PARD received the following amounts:

- \$131,250.00 in Base Net Lease Fees,
- \$135,255.00 in 10% Net Profits; and,
- \$173,342.00 in Mayfest Grants (2015-2018).

In 2019, there were no Mayfest grants awarded, but Mayfest did "pass-through" a \$30,000.00 grant from the Amon G. Carter Foundation. These funds were used to install a permanent enclosure for one accessible portable restroom unit.

The festival was cancelled in 2020 and 2021 due to the COVID-19 pandemic. These cancellations resulted in financial losses which had an impact on the ongoing operations of the festival. The City has received a request that the Mayfest license fee not be assessed in 2022, the 50th anniversary of the festival.

Staff is recommending a one-time reduction of the 2022 License Fee to \$262.50 in order to facilitate the success of the first post-COVID Mayfest event, which can facilitate the Mayfest organization's recovery from the financial challenges of the past two years and thereby help ensure the future viability of the organization and its annual events. It is PARD's position that the listed factors constitute a valid public purpose. In 2023 the License Fee will be assessed in accordance with the agreement between the City and Mayfest.

Approval of this M&C and the one-time fee reduction would involve City Council finding that the reduced payment serves the public purpose as outlined above. The City will ensure adequate controls are in place to carry out such public purpose.

Trinity Park is located in COUNCIL DISTRICT 9 and Mayfest is a community wide event.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and execution of this agreement, funds will be deposited into the General Capital Projects Fund. The Park & Recreation Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

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Expedited