

Mayor and Council Communication

DATE: 03/31/26

M&C FILE NUMBER: M&C 26-0235

LOG NAME: 25CRAFTCULINARYSETTLE-TERMINATEAGREEMENT

SUBJECT

(CD 7) Authorize Settlement, Release, and Payment in the Total Amount of \$510,000.00 and Offset Payments in an Amount Not to Exceed \$305,000.00, for Full and Final Settlement of All Claims Related to the Termination of the Food and Beverage Services Agreement with Craft Culinary Concepts, LLC, and Authorize the Appropriate City Personnel to Execute all Releases, Agreements, and Associated Documentation Necessary to Complete the Settlement

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize settlement, release, and final payment in the total amount of \$510,000.00, and offset payments in the total amount \$305,000.00 to Craft Culinary Concepts, LLC for full and final settlement of all claims and disputed amounts related to the termination of the food and beverage services agreement between the City of Fort Worth and Craft Culinary Concepts, LLC (City Secretary Contract No. 57971); and
 2. Authorize the appropriate City personnel to execute all releases, agreements, and associated documentation necessary to complete the settlement.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize a settlement, release, and final payment to Craft Culinary Concepts, LLC (Craft) in the total amount of \$510,000.00 and to authorize an offset of \$305,000.00 to reconcile disputed amounts between the City of Fort Worth (City) and Craft.

On January 11, 2022 (M&C 22-0031), City Council approved an agreement with Craft to exclusively provide food and beverage concession services at the Will Rogers Memorial Center (WRMC) (the "F&B Agreement").

Due to operational and financial issues, Craft experienced significant operational losses in FY25 and disputes regarding amounts owed under the F&B Agreement arose between the parties. Due to this dispute, and to the City's future management plans for the WRMC, the City and Craft have mutually agreed to an early termination of the F&B Agreement pursuant to an authorized Settlement and Release Agreement.

The F&B Agreement required Craft to invest \$750,000.00 in value to the WRMC complex in Furniture, Fixtures and Equipment (FF&E). The FF&E investment value was amortized over the initial 10-year term of the F&B Agreement. The F&B Agreement requires the City to pay Craft for the unamortized portion of its FF&E investment in the WRMC complex if the F&B Agreement is terminated early. As negotiated between the parties, the FF&E payment owed to Craft has been calculated to be \$510,000.00. This payment will be considered a capital expenditure, paid from the WRMC Capital budget. All equipment will remain at the WRMC and the sole property of the City of Fort Worth.

As additional consideration for Craft's agreement to terminate the F&B Agreement early, it is recommended that the City release its claim or interest to certain amounts owed by Craft to the City for maintenance reserves and year-to-date profit sharing to offset disputed amounts claimed by Craft for FY25 operating losses, FY25 and FY26 management fees, and employee retention incentives. Specifically, the F&B Agreement establishes the following: a repair fund reserve based on a percentage of revenues; Craft's a management fee as a percentage of revenues; and a 90/10 profit share split in favor of the City. In FY25, Craft experienced significant operating losses and, as a result, did not generate profits or sufficient revenue to pay the management fee, as contemplated by the F&B Agreement. To facilitate the early termination of the F&B Agreement, and to resolve all disputes between the parties concerning liability for the FY25 financial losses, the City will disclaim any right, title, or interest to the balance of the repair fund reserves and FY26 profits in an amount not to exceed \$305,000.00, which represents the value of this portion of the settlement and requires no additional funding. The offset amount is intended to compensate Craft for: its FY25 management fee for services rendered in FY25; its FY26 management fee for services rendered in FY26 through the date of termination; a Craft employee retention incentive to ensure food and beverage services will be effectively provided through the date of termination; and to offset FY25 operational losses. The City will also disclaim and release its interests, if any at all, in ongoing litigation filed by Craft against a Vendor with an outstanding receivable, and any recoveries therefrom, allowing Craft to retain full control and benefit of that case.

The contract is located in COUNCIL DISTRICT 7.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are available in the current capital budget, as previously appropriated, in the Public Events Capital Fund for the WRMC Kitchen FF&E project to support the approval of the above recommendations and authorization of settlement payment. Prior to any expenditure being incurred, the Public Events Department has the responsibility to validate the availability of funds.

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Expedited