



Date: October 6, 2015
To: Thomas Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin Dick, Director, Office of Economic and Workforce

Subject: Amendment to Assignment Agreement for the Durham Athletic Park (DAP) Operating Agreement

Executive Summary

This item is to recommend approval and execution of an amendment to the assignment agreement between the City of Durham and the Durham Bulls Baseball Club, Inc. (“Durham Bulls”) for the operation of the Durham Athletic Park (DAP). The amendment to the assignment agreement would allow the City to extend the agreement retroactive from October 1, 2015 to September 30, 2016. There would be an additional \$38,411.04 added to the original contract amount of \$73,569.24 to absorb utility costs and to assist in defraying the annual operating losses. The original monthly contract fee of \$6,130.77 would increase to \$9,331.69 for a total contract amount of \$111,980.28 during the contract period.

Recommendation

City staff recommends that City Council authorize the City Manager to execute an amendment to the Assignment Agreement with the Durham Bulls Baseball Club, Inc. extending the operation of the DAP an additional twelve (12) months to September 30, 2016 for a contract amount of \$111,980.28.

Background

The first Assignment Agreement with the Durham Bulls was approved by City Council on January 2012 with the Durham Bulls taking over operations of the DAP. This assignment agreement was intended to last from January 2012 to August 31, 2012 for a pro-rated amount of \$23,333.36. An amendment to the assignment agreement, effective September 1, 2012, extended the agreement to September 30, 2013, and changed the monthly operating fee to \$6,130.77 per month. On September 16, 2013, a second amendment extended the agreement to September 30, 2014, with no change in the monthly operating fee. On September 16, 2014, a third amendment extended the agreement to September 30, 2015 again with no change in the monthly operating fee.

Issues/Analysis

The Durham Bulls have a familiarity with the local market for events as well as the maintenance requirements for a baseball stadium that meets NCAA Division One standards (two key aspects of DAP operations). This familiarity has helped them

operate the park to an acceptable standard. The usage of the park since January 1, 2015 includes 325 activities:

Since January 1, 2015:

- NCCU Practices-126
- NCCU Games- 34
- High School Games-10
- Baseball Camp- 1
- Days of Longball Games- 24
- Days as backup for ACC Tournament- 7
- Charity Runs- 3
- Travel Baseball Games (40 days with 3 games a day)- 120

OEWD is recommending a change to the contract to include an additional \$38,411.00 to absorb the cost of the utilities which should help defray annual losses incurred by the Bulls. In 2012 the Bulls lost \$79, 029.00, in 2013 they lost \$24,819.00 and in 2014 a loss of \$40, 734.00 totaling \$144,582 in the past three years. The 2015 projected loss is \$32,309.00.

In 2013, the beer festival was moved to the DAP for one year because of Durham Bulls Athletic Park (DBAP) renovations, so that is why there is a decrease that year.

Alternatives

City Council can choose to not approve the Amendment to the Assignment Agreement. This would leave the City of Durham without an Operator for the facility after September 30, 2015. Current resources do not exist within the City to operate the facility in its desired capacity as a multi-use facility available for baseball and multi-cultural events.

Financial Impact

The amount of \$111, 980.28 will be coming from OEWD's Professional Services budget and the increase will come from Downtown Revitalization funding.

SDBE Summary

SDBE provisions are contained in the operating agreement.

Exhibits:

Amendment to DAP Operating Agreement
Durham Athletic Park Budget October 1, 2015 – September 30, 2016