



THE CITY OF KEY WEST

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MEMORANDUM

TO: Jim Scholl, City Manager
FROM: Greg Veliz, Assistant City Manager
DATE: April 1, 2016

SUBJECT: 5 year Agreement with Tourist Development Association, Inc. for the Annual Fantasy Fest celebration.

Action Statement:

Authorizing City Manager to enter into negotiations for five (5) year Contract with the Tourist Development Association, Inc. (TDA) for the Annual Fantasy Fest Celebration held in October.

Purpose and Justification:

At the City Commission Meeting held March 16, 2016, a Resolution was on the agenda to approve a 1 year agreement extending the current contract with TDA. The item was postponed to allow staff time to compile cost associated for services provided by The City of Key West not accounted in the original agreement.

Background:

To begin the process, City Staff met with all contributing departments to establish what numbers could be reduced mainly by eliminating functions that although performed before Fantasy Fest, are regular annual operations (attached please find all reductions and justifications).

During these detailed evaluations, staff also discovered additional cost related to Police Department hours of \$17,792.00 plus \$7,920.00 for housing out of town officers.

Following the evaluation of Fantasy Fest cost, City Staff feels as though a new total of \$240,413.00 is more realistic.

Representatives of the City met with TDA and Market Share to iron out a more long term and equitable agreement. During this meeting, the City offered TDA a financial agreement that includes the \$62,747.11 CAP currently in place and a five year agreement that includes a \$10,000.00 per year increase, bringing Fantasy Fest's contribution to \$112,747.11 or roughly half of the total cost incurred. TDA countered with an offer of \$10,000.00 increase followed by a 5% increase for each of the four years of the agreement.

Key to the Caribbean – Average yearly temperature 77° F.

City staff could not support TDA's counter and suggested that it would place an item before the City Commission with a \$10,000.00 first year increase and a \$5,000.00 increase for each of the following four years as a possible compromise. This would bring Fantasy Fest's total contribution of \$92,747.11.

Options:

1. Authorize City Manager to negotiate a contract with TDA for Fantasy Fest with a tentative Financial Agreement. Further discussion is necessary on many aspects of the festival that both parties have not been able to come to an agreement, such as:
 - Nudity
 - Fantasy Zone

Recommendation:

1. Agree in principle with offer of \$10,000.00 first year increase with a \$5,000.00 increase for the following four years.
2. Revert back to City's initial offer of \$10,000.00 per year increase, which TDA rejected.
3. Reject all Offers