

## **Open Work Session**

### **Proposed Changes to the 20 Year Concession Agreement with 7<sup>th</sup> Inning Stretch for use of Arthur W. Perdue Stadium**

**October 20, 2020**

Mr. Steve Miller, Director of Recreation, Parks, and Tourism came before Council; and Mr. Chris Bitters, General Manager of the Delmarva Shorebirds, attended the meeting remotely by Zoom. Mr. Bitters said, in short, as everybody knows, back in July he presented Council with the fact that they would not be having a 2020 baseball season through the pandemic due to not having players, as well as per the Governor's orders where they are not allowed to have mass gatherings. He said, despite the challenges they have faced this year, they have been very active in trying to partner with the community both virtually as well as with the limited events they have been allowed to host at the stadium. He said he is very excited to share that they hosted a couple of drive-in fireworks shows that were successful, they hosted a limited scale movie night on the field in conjunction with their sponsors to promote Wicomico Goes Purple, as well as hosting a baseball camp. He explained, they ended up pulling off a small-scale baseball camp for just under 50 youth in the community for a three-day session. He said they have tried to remain very active this summer despite not having their normal activity of playing baseball at Purdue Stadium, and they have hosted a number of youth baseball weekends with young folks from travel teams coming out to the stadium and playing ball.

Mr. Bitters said they have tried to remain very active, but, with that, they wrote a letter of request to Mr. Miller and the Administration, which Council should have a copy of, regarding their concession agreement with Wicomico County. He clarified, the agreement is a lease, but the term used is concession agreement, and it does not necessarily have to do with food and beverages, it is the term used for the lease.

Mr. Bitters said the request is to waive the \$100,000 minimum guaranteed for the 2020 season, which is part of their agreement in Section 9.04, and accept the \$55,239 that has already been collected by Wicomico County. He said, for the 2021 season they would adjust the \$100,000 minimum with the new minimum becoming the difference of the \$100,000 and the \$55,239 that was already paid to Wicomico County making the 2021 season minimum \$44,761. He said they would also waive the electricity savings arrangement they have with Wicomico County for their concession agreement in Section 5.01, and the addendum that was done. He said, in addition, they would like to request adding another year to their concession agreement and extending that agreement, so instead of it expiring in 2037, it would expire in 2038, which would, essentially, capitalize the agreement in full, and they would have a full similar amount in their agreement with Wicomico County as originally proposed, minus 2020 with no baseball. He concluded, that is the request, which he thinks Council has in a letter he sent to Mr. Miller and the Administration, and he would be glad to answer any questions on that request. Mr. Dodd confirmed, Council has that letter.

Mr. Cannon said Council really appreciates everything Mr. Bitters is doing with the Shorebirds Stadium, and he is doing a great job. He said Mr. Bitters' staff does a great job for Wicomico County, and Council appreciates that. He then asked what other Minor League teams are doing because he is sure they are not the only ones faced with this. He further asked whether other teams are requesting similar

arrangements with government entities, not only nationwide, but especially in Maryland, to which Mr. Bitters responded, industry wide, once it became reality that they would, basically, have no business for the season, depending on their lease agreement with their municipality, most Minor League teams have made some sort of request similar to this. He clarified, everybody's agreements are a little unique and different amongst all 160 Minor League clubs, but this is a pretty common request in their industry at this point in time just with the reality that they did not have any business opportunity in 2020. He said their goal is to make this request, and still make the agreement whole, essentially, over the period of time.

Mr. McCain said, obviously with no baseball season, it makes it tough economics, and he thinks the request Mr. Bitters is making is very fair. He said it is temporary in nature, and also given the fact that they offered to extend the agreement out another year to, essentially, make up for it, he thinks it is a very fair request. He said hopefully next year they can have a little more normalcy to their season, to which Mr. Bitters responded, they are really hoping next year is a little more normal. He clarified, there may be restrictions still when they start the season with the pandemic, but, obviously, they are planning for all various scenarios at this point for 2021, and he appreciates Mr. McCain's feedback and comments.

Mr. Cannon said he has a question about the electricity savings arrangement, as he is not quite sure exactly how much they are talking about as far as the cost. He said he is also not familiar with Mr. Bitters asking for the cost savings in the range of October 2019 through September 2020, but he guesses that does not really matter because their season was totally compromised. He then asked if Mr. Bitters knows what the electricity savings arrangement costs are, to which Mr. Bitters responded, the electricity savings arrangement is actually a benefit to the Shorebirds. He explained, the addendum in the arrangement is that they have a credit against the \$100,000 based on the County's electricity rate versus the Shorebirds rate. He further explained, for the savings they would have normally seen during the 2020 season, essentially, which kind of runs from October through the end of the season the way the addendum is worded, they are foregoing that savings they would normally see for this year as an offer of good faith with regards to extending the agreement, and, essentially, accepting what they have paid so far, and adjusting next year's amount. He then asked Mr. Miller to further clarify, to which Mr. Miller responded, part of the agreement, which was amended after the original agreement, is that the Shorebirds have a higher rate of electricity, so the difference that they pay versus what the County would pay is deducted from their annual payment. He said Mr. Bitters has proposed that normally they would waive the credit that is issued to them, so that would actually save the County money in this year in light of the fact that the County is waiving the \$100,000 minimum. He explained, typically that ranges between \$6,000 to \$10,000 on average depending on the usage, but in that range, so that would actually be a savings for the County for this year.

Mr. Cannon asked, when they are referring to 2037, does that mean they are simply going to add another year to the contract and put that \$100,000 there, or will 2037 be a \$200,000 allotment instead, to which Mr. Miller responded, no. He explained, what Mr. Bitters has proposed is to actually just add a year to the end, so instead of 2037 it would be 2038, but it would just be an extra year. He said he thinks, from the accounting end, if that is what Mr. Cannon is asking, it would count in the future. Mr. Cannon clarified, he asked the question just out of curiosity, but he is completely in favor of doing what

they can to help the Shorebirds because they have had zero season, and for what they contribute to this community, he thinks it is a small price to ask.

Mr. Davis asked if the waiving of the concession agreement is with Arthur W. Perdue Stadium, or is it with 7<sup>th</sup> Inning Stretch, which runs the concessions, to which Mr. Miller responded, 7<sup>th</sup> Inning Stretch. He clarified, their agreement is with the team for use of the stadium, which is owned by the County. Mr. Davis further asked, who owns 7<sup>th</sup> Inning Stretch, to which Mr. Miller responded, that is the organization that owns the team. Mr. Bitters further clarified, again, concession agreement is kind of weird language that is unique to this agreement. He said the term "concession" in this use is really in lieu of the term "lease", so when they think of the words "concession agreement", with anything else besides this agreement, any other entity would call this a lease agreement, but this is the way this agreement is termed. He said it has nothing to do with the food and beverage operation, so the extension would be with 7<sup>th</sup> Inning Stretch, which owns the Shorebirds, and who have the agreement with Wicomico County. He again clarified, the term concession is not regarding food and beverage, it is just a different way of saying lease that is done between a government entity and a private entity, and he had to look that up online 15 years ago. Mr. Davis asked if the contract is for the lease of the whole stadium, and not just concessions, to which Mr. Miller responded, correct.

Mr. Cannon asked whether or not Mr. Bitters has sought out any CARES funding, to which Mr. Miller responded, Mr. Bitters is in the process of working with the County Officials who administer that program, and pursuing what options there are.

Mr. Dodd said that was a good question. He then asked what will happen if there is funding allotted to the team, and how would that affect this contract, to which Mr. Miller responded, his personal view is that he would view it outside of this agreement, if they are able to get that funding. He clarified, he does not know if they will get that funding or not, but they still have to operate the stadium, and they still have to do additional measures, just like he is having to do at the Civic Center with PPE and sanitation, and all those types of things just to operate. He said this agreement is related to ticket sales, admissions, and amusement tax, but they did not have games, so they could not sell tickets, so he would view that as separate, in his opinion.


Mr. Dodd asked Mrs. Hurley where they go from here, to which Mrs. Hurley responded, she believes since they are looking at this as a lease agreement, this would require a Public Hearing. She then asked Mr. Taylor to clarify, to which Mr. Taylor responded, he agrees with that. Mrs. Hurley said, when they make amendments to lease agreements, that requires three weeks' worth of advertising, so the earliest they could have the Public Hearing would be for the November 17 meeting at 10:00 a.m.

Mr. Cannon asked if this will require any amendments to the budget, to which Mrs. Hurley responded, no.


Mr. Miller said he and Mr. Bitters have worked together for years on this agreement, and there is an Exhibit C in the agreement which details a depreciation schedule on the building systems, and it details when it becomes the County's responsibility versus the team's responsibility. He said he and Mr. Bitters look at that every year to make sure it is updated, and if they were going to amend the agreement,

while they are doing that they thought they could update some of those exhibits, so they will work on that and submit that to Mrs. Hurley. There was no further discussion.

  
Larry W. Dodd, President, District 3

  
John T. Cannon, Vice President, At-Large

  
Ernest F. Davis, District 1

  
Nicole Ache, District 2

Josh Hastings, District 4

  
Joe Holloway, District 5

  
William R. McCain, At-Large

  
Laura Hurley, Council Administrator