



Item No. 6 Town of Atherton

CITY COUNCIL STAFF REPORT – STUDY SESSION AGENDA

TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER

FROM: MICHAEL KASHIWAGI
COMMUNITY SERVICES DIRECTOR

DATE: AUGUST 7, 2013

SUBJECT: EVENT MANAGEMENT AT HOLBROOK-PALMER PARK

RECOMMENDATION

Review, confirm and provide feedback to staff related to:

- Policy governing the use and rental of Holbrook-Palmer Park including weddings and corporate events;
- Business model for the staffing and administration necessary to market, staff, manage, and administer events, meetings, and other revenue generating activities associated with the rental and use of Holbrook-Palmer Park; and
- Business parameters and requirements to include in a Request for Proposal (RFP) to solicit a contract vendor to market, staff, manage, and administer the rental and use of facilities at Holbrook-Palmer Park

BACKGROUND

In the past, Holbrook-Palmer Park was a popular location for weddings and receptions. On average, approximately 30 – 35 weddings were booked annually in addition to a variety of meetings and corporate events. In April 2011, due to the potential of starting construction of a new library in the park, “bookings” for weddings and corporate events were suspended for calendar year 2012.

In March 2012, the City Council approved the resumption of park rental activities to designated community organizations and for local group meetings. In addition, with a limitation on size, the City Council approved the rental and use of Holbrook-Palmer Park for birthday parties, bridal showers, family picnics, graduation parties, memorial services, and other social type events. Weddings and large corporate events continued to be restricted.

In November 2012, the voters of the Town of Atherton decided against building a library in Holbrook-Palmer Park. Accordingly, in January 2013, staff began discussions with the City Council regarding the resumption of full event bookings, including weddings in the park.

In May 2013, the City Council directed staff to put together a plan to return weddings to the park. The plan was to include an outline of policies to govern the rental, use, management and administration activities associated with the use of Holbrook-Palmer Park and its facilities.

This staff report is a discussion of that plan.

DISCUSSION

Proposed Rental and Use Policy

Since the late 1970's, venues for weddings and other events have been offered for rent at Holbrook-Palmer Park. Events in the park were revenue generating, but did not necessarily generate a positive income after consideration of all expenses. During years of deficit, a subsidy from the Town General Fund was necessary.

Over the past 18 months, as the City Council discussed resuming the rental of facilities in the park, policy direction for staff has been to ensure that the rental and use of the park generated positive net income. Other Council comments which guided staff in the development of policy recommendations included (1) development of a fee structure which required higher fees for non-Atherton residents; (2) limiting the size of large events such as weddings and corporate events to minimize impacts to the park and surrounding neighborhood; (3) limit the number of large events on weekends; and (4) mitigate potential parking impacts through the use of valet parking or requiring off-site parking.

In accordance with previous direction, staff recommends the following policy considerations for Council review and feedback:

1. The Rental and Use Policy will apply to the rental and use of the Carriage House, Main House, Pavilion, Watkins House (formerly City Manager's House), and all open space areas requested and approved for dedicated/reserved use.
2. A Fee Schedule will be adopted and updated annually by the City Council to establish rental rates and fees for the rental and use of park facilities.
 - a. The Fee Schedule will identify all users and groups who will be exempt from paying fees.
 - b. The Fee Schedule will include a base rental rate plus an administration fee to ensure full cost recovery of all Town costs and expenses.
 - c. The Fee Schedule will establish separate fees for Atherton residents and Non-residents.

Events at Holbrook-Palmer Park

August 7, 2013

Page 3 of 9

3. All “Town Events” are exempt from paying fees. A “Town Event” is associated with official Town business and is defined as follows:
 - a. Must be the City Council or an Advisory Committee or Commission appointed by the City Council.
 - b. Must be City staff conducting official City business.
 - c. Attachment 1 identifies the groups and activities which meet the definition of “Town Events”.
4. Rental fees for Atherton Community Organizations designated and approved by the City Council will be waived. However, these organizations will be responsible to pay actual Town costs associated with staff necessary for planning and staffing the event as well as the provision of any required insurance. Examples include the Atherton Dames Holiday Tea and Easter Egg Hunt, the Atherton Arts Committee Annual Art show, etc.
5. All “Other Events/Uses” must pay fees per the Fee Schedule adopted by the City Council.
 - a. “Other Events” include weddings, social events, corporate meetings, classes, etc.
 - b. Attachment 2 provides a list of groups and types of functions classified as “Other Events.” This is not intended to be an all-inclusive list, but represents a fairly comprehensive list of events and activities which have typically occurred in the past.
6. In addition to the payment of appropriate fees, necessary insurances recommended by ABAG will also be required.
7. Prior to booking a reservation, the responsible party will be required to:
 - a. Complete a rental application stating the type, size, and length of the event. All rental applications will be approved by the City Manager or designee.
 - b. Agree to provide all necessary insurance required by the Town.
 - c. Agree to provide other services (private security, valet parking, off-site parking, etc.) requested by the Town.
8. All access to buildings and necessary event set-up within Park buildings will be performed and controlled by authorized Town staff.
9. The size of weddings, corporate events, concerts, or other activities shall not exceed 200 people unless approved by the City Manager.
10. Weddings will be limited to one wedding per day.
11. Holbrook-Palmer Park will be available for bookings 7 days a week/365 days a year.
12. By March of every year, staff will provide a Year End Report to City Council which will summarize park rental activities, provide a final accounting of revenues and expenditures, provide recommendations related to adjustments to the adopted Fee Schedule, and identify recommended changes to policies for City Council consideration.

Event Staffing, Management, and Administration

Prior to 2011, all staffing, management, and administration associated with the rental of Holbrook-Palmer Park for weddings, socials events, corporate meetings, etc. were performed by Town of Atherton staff. Attachment 3 provides a summary of revenues and expenditures for FY 2007/08 thru FY 2010/11. During this period, expenditures exceeded revenues three out of the four years.

One of the business challenges of utilizing Town employees to staff, manage, and administer park use and rentals is while the annual expenses were fairly consistent and predictable, revenues varied significantly due to market conditions from year to year. This resulted in a “net loss” of approximately \$278K over the four year period.

Moving forward, staff recommends a different business model. We recommend contracting out the staffing, management, and administrative functions to a private sector vendor and structure the fee for services as a percentage of revenues generated. Although this doesn’t necessarily prevent future “net losses”, it certainly reduces the risk of potential losses since expenditures will be tied to revenues.

In the more recent past (August 2011 through February 2012), the Town used this model to staff the limited rental activity at Holbrook-Palmer Park. A private contractor provided event management services through a revenue based system of payment for services. The contractor provided all inclusive event services to the Town for 50% of the booking fee (with a \$6,000 per month minimum). While showing promise as being an effective business model, since weddings were not included in the event menu, the contractor chose not to continue this relationship.

Although staff believes contracting out for event management services is a better business model than hiring Town staff, we are unable to perform a credible financial analysis until we receive actual price proposals from event management service providers. Accordingly, we recommend preparation of an RFP to solicit price proposals from interested vendors. After reviewing submitted proposals, staff will be able to provide the City Council with a financial analysis comparing projected revenues and expenditures resulting from the rental of park facilities for events. This analysis will also help inform the development of an appropriate rental fee schedule for City Council consideration and adoption.

RFP for Event Management Services

Staff recommends the preparation of a RFP for event management services in Holbrook-Palmer Park. Submitted proposals will be used to: (1) Evaluate and select the best provider of services; (2) Provide necessary financial information to review and analyze the net revenue potential from reinstating full event bookings; and (3) Provide information necessary to review and evaluate current park rental fees.

The RFP will include the following submittal requirements and business elements:

1. The RFP will provide a description of Holbrook-Palmer Park and rental facilities including:
 - a. Description of facilities available for rent.

- b. Previous history of rental activities along with revenue information contained in Attachment 3.
 - c. Summary of current rental activity, including social events, meetings, classes, etc. including frequency for recurring meetings/classes.
2. Rental parameters consistent with City Council adopted policy regarding the size of events, frequency of events (1 wedding per day), and potential parking mitigation requirements.
 3. List of non-revenue generating events/meetings which the vendor will be responsible for staffing and managing.
 4. Administrative requirements consistent with Town adopted policy.
 5. Detailed description of required scope of services to include all staffing necessary to market, staff, manage, and administer all rental/use activities at the park (excluding Knox Pre-School, Tennis Courts, use of athletic fields for soccer/lacrosse, little league field, etc).
 6. All proposers will be required to submit a description of their company, description of relevant experience, list of similar contracts and how long they've been providing services, a detailed work and staffing plan describing how they will market, staff, manage, and administer facility rental and use for the Town.
 7. Identification and experience of their proposed Event Manager.
 8. The RFP will require submittal of a detailed cost proposal.
 9. The RFP will identify criteria the Town will use to evaluate and rank proposals.

Staff will prepare the RFP and return it to Council for authorization to solicit vendors for proposals.

FISCAL IMPACT

No fiscal impact at this time.

Prepared By:

Approved:

Michael Kashiwagi, P.E.
Community Services Director

George Rodericks
City Manager

ATTACHMENTS:

- 1: List of defined "Town Events"
- 2: List of types of functions classified as "Other Events"
- 3: Atherton Event Revenues vs. Expenditures (FY 2007/08 – FY 2010/11)

Attachment 1

Town Events
City Meetings
City Council Meetings City Staff Meetings City Staff Training City Manager-approved hosted events (i.e. Council of Cities)
City Advisory Committee/Commission Meetings
Park & Recreation Commission Transportation Committee Planning Commission Audit/Finance Committee Rail Committee Civic Center Advisory Committee Environmental Programs Committee

Attachment 2

Other Events		
<u>Weddings</u>	<u>Social Events</u>	<u>Meetings/Classes</u>
	<i>Parties/Gatherings</i>	<i>Corporate Events</i>
	Birthdays Bar Mitzvahs Memorial Services Bridal Showers	Meetings Seminars Retreats Picnics
	<i>Group Activities/Fundraisers</i>	<i>Local Group Meetings</i>
	School Picnics Graduation Ceremonies Art Expositions Ice Cream Socials Family Picnics/BBQ	Community Discussions Park Foundation Atherton Dames Friends of the Library Atherton Civic Interest League
	<i>Large Activities/Fundraisers</i>	<i>Classes</i>
	Easter Egg Hunt Swing in the Park Jazz in the Park Valentine's Day Dance	Yoga Folk Dance Music for Families Dog Training Country Dance Team Sheep

**ATHERTON EVENT REVENUES VS. EXPENDITURES
 (FROM 2011-12 558 BUDGET DOCUMENT)**

	2007-08	2008-09	2009-10	2010-11	AVERAGE
SOCIAL	336,256	108,318	60,150	86,062	
MEETINGS	50,533	53,429	68,394	77,460	
MISC. USEAGE	4,750	4,874	2,460	2,750	
WEDDINGS	*	102,916	60,150	86,052	
TOTAL REVENUE	391,539	269,537	191,154	252,324	276138.5
TOTAL EXPENDITURES	359,885	318,811	353,205	350,850	345687.8
PROFIT/LOSS	31,654	-49,274	-162,051	-98,526	

* In 2007-08, weddings and social were reported together

	*2007-08	2008-09	2009-10	2010-11	AVERAGE
SALARIES/BENEFITS	257,940	258,970	293,650	315,149	281,427
OPERATION COSTS	101,945	59,841	59,555	35,702	64,261
TOTAL	359,885	318,811	353,205	350,850	345,687

* 2007-08 PURCHASE OF NEW CARPET FOR PAVILION DRIVES HIGHER OPERATION COSTS



