



**CITY OF HEALDSBURG
CITY COUNCIL AGENDA STAFF REPORT**

MEETING DATE: June 21, 2022

SUBJECT: Villa Chanticleer Operating Agreement

PREPARED BY: Mark Themig, Community Services Director

STRATEGIC INITIATIVE(S):

Maintain and Improve Infrastructure and Facilities
Provide Resident-Driven Community Services

RECOMMENDED ACTION(S):

Adopt a Resolution authorizing the City Manager to enter into an agreement with Milestone Events Group for management and operation of the Villa Chanticleer.

COMMUNITY ENGAGEMENT/OUTREACH:

- Staff distributed information about the upcoming transition of the Villa Chanticleer's operation as part of the Request for Interest and Request for Proposal processes through the City's website and social media platforms, along with a direct email to potential operators.
- The Healdsburg Tribune wrote an article on the upcoming transition that was published in their February 3 online portal and February 10 print edition.
- The Parks and Recreation Commission discussed the future of the Villa Chanticleer operations at their November 17, 2021, December 8, 2021, and February 9, 2022 meetings.
- The City Council discussed the future of the Villa Chanticleer operations at their December 6, 2021, February 22, 2022, and May 16 meetings.
- Staff has responded to calls from residents and other interested parties about the status of the Villa Chanticleer and the operational transition.

BACKGROUND:

On August 4, 2014, City Council approved a Master Services Agreement (lease) with Tayman Golf Group Inc. (Tayman) for the purposes of operating the Villa Chanticleer as an event center. This agreement came about after extensive analysis of Villa Chanticleer's operational efficiencies, revenue opportunities, and marketing strategies. The analysis led to the City issuing a Request for Proposals (RFP) to contract with a service provider to operate the Villa on behalf of the City. Following the review of proposals, the City determined that Tayman's proposal was the best fit. (See attached staff report.)

The City transitioned the operation of Villa Chanticleer to Tayman in September 2014. In addition to assuming the Villa event operations, the City also assigned Tayman the responsibility for coordinating use of the Villa Annex by the American Legion Sotoyome Post No. 111 that is operated under a separate lease agreement. Under the terms of the lease, the City assigned Tayman responsibility for the full facility operation of the Villa and coordinating use of the Villa Annex with the American Legion. As allowed under the lease agreement and subsequent amendments, Tayman Group will be terminating their operating lease on June 30, 2022.

In January 2022, staff issued a non-committal “Request for Interest” (RFI) to gauge interest from parties that might operate the Villa Chanticleer on behalf of the City. The RFI process resulted in 10 responses. In March, staff issued a formal “Request for Proposals” (RFP, attached) to seek proposals from potential operators. The City received two proposals: Leilani Martin and Milestone Events Group. During the proposal review process Marshall Bauer, President of Milestone Events Group, initiated conversations with Ms. Martin regarding her role as the current Reservations and Operations Coordinator of the Villa. Mr. Bauer was interested in the feasibility of bringing Ms. Martin on the Milestone team to continue her role managing the Villa as an employee of Milestone. Mr. Bauer and Ms. Martin have since come to agreement on a framework that would continue Ms. Martin’s role in overseeing the Villa venue as part of the Milestone Events Group team.

As a result, staff is recommending the Council approve an agreement with Milestone Events Group to operate the Villa Chanticleer on behalf of the City.

DISCUSSION/ANALYSIS:

Staff has worked with representatives of Milestone Events Group and the City Attorney to develop a proposed agreement to operate the Villa Chanticleer on the City’s behalf. Under the terms of the agreement the operation would transition to Milestone on July 1, 2022. All events currently booked would be honored under the existing terms and conditions, and staff and Milestone anticipate a seamless transition.

The agreement is proposed to be a five-year term with a five-year extension option. There would also be a review of the operation at the end of the first year. Key elements of the agreement include the following:

- Milestone Responsibilities
 - Full responsibility for event marketing, planning, and delivery.
 - Honor all previously scheduled events at the agreed upon terms and conditions.
 - Provide day-to-day maintenance and upkeep of the buildings and grounds.
 - Provide staffing, financial management, and administration of the operation.
 - Coordinate food and beverage services, including licensing and operation of the bar.
 - Commit to work with the City to develop a long-term capital expenditure plan.
- City Responsibilities
 - Transfer all payments and deposits for events occurring after July 1, 2022 to Milestone.
 - Perform specified facility inspections and improvements by September 30, 2022.

- Maintain the structural components of the property, the major kitchen equipment, the major mechanical systems, and other building components like windows and doors.
- Commit to work with Milestone to develop a long-term capital expenditure plan.
- **Community Benefits**
 - Milestone will waive the rental fee for five events in the Villa hosted by the City each calendar year. (The City has access to the Annex for events at no charge when not in use for other events.) Rentals would be subject to cleaning fees and damage deposits, if applicable.
 - Milestone will waive the rental fee for five events in the Villa hosted by Healdsburg Unified School District (HUSD) each calendar year. Rentals would be subject to cleaning fees and damage deposits, if applicable.
 - Milestone will waive the rental fee for six events in the Villa hosted by Healdsburg American Legion Sotoyome Post No. 111 each calendar year. Rentals would be subject to cleaning fees and damage deposits, if applicable.
 - Individuals residing within Healdsburg City Limits as of the date they reserve an event shall be eligible to receive a 20% discount off the regular rental fee in effect on the date the event is reserved. Rentals would be subject to cleaning fees and damage deposits, if applicable.
 - Nonprofit organizations that are registered with the State of California with a business address within the Healdsburg City Limits as of the date they reserve an event shall be eligible to receive a discount of 50% to 70% off the regular facility rental fee for events in effect on the date the event is reserved. Rentals would be subject to cleaning fees and damage deposits, if applicable.

ENVIRONMENTAL STEWARDSHIP:

The agreement requires that the operation comply with all applicable with all federal, state and local statutes, ordinances, codes, rules, and regulations. Staff will work with Milestone to incorporate any new required environmental initiatives that are enacted during the agreement period.

ALTERNATIVES:

Do not enter into an agreement with Milestone and provide direction to staff.

FISCAL IMPACT:

The City's adopted FY22-23 and FY23-24 budget includes \$25,000 each year for ongoing maintenance and upkeep of the property. Staff deems this amount sufficient to meet all of the City's maintenance and repair options in the current year. Some of that work will be done in-house by City staff. The agreement requires that the City and Milestone work together to develop a long-term capital expenditure plan that City Council would consider in the future.

The value of the community benefit associated with the agreement is estimated as follows:

Benefit	Estimated Value	Notes
City's five free events	\$25,000	Based on average \$5,000/rental
HUSD's five free events	\$25,000	Based on average \$5,000/rental
Legion's six free events	\$30,000	Based on average \$5,000/rental

Discount for non-profit fundraiser events	\$36,750	2019 actuals
Discount for community use events	\$86,595	2019 actuals
Total Value	\$203,345	

This estimate does not include the value of Healdsburg resident private booking discounts as those were not tracked separately in the Villa's booking software and are not readily available.

ENVIRONMENTAL ANALYSIS:

Pursuant to Title 14, the California Code of Regulations, Section 15302(c) of the California Environmental Quality Act ("CEQA") guidelines, approval of this resolution is an administrative activity of the City that will not result in direct or indirect physical changes to the environment.

ATTACHMENT(S):

Resolution

CITY OF HEALDSBURG

RESOLUTION NO. -2022

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HEALDSBURG AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH MILESTONE EVENTS GROUP FOR MANAGEMENT AND OPERATION OF THE VILLA CHANTICLEER

WHEREAS, Tayman Park Golf, Inc. (Tayman) and the City of Healdsburg (City) entered into a Master Services Agreement (“Agreement”) for operation of the Villa Chanticleer as an event center and related purposes in August 2014; and

WHEREAS, Tayman is terminating the Agreement, effective June 30, 2022; and

WHEREAS, the City completed a Request for Interest and Request for Proposal process to solicit a new operator for the Villa Chanticleer; and

WHEREAS, the City has selected Milestone Events Group to be the new operator of the Villa Chanticleer; and

WHEREAS, Milestone has agreed to assume responsibility for all previously scheduled events, such that the transition to Milestone is expected to be seamless; and

WHEREAS, Pursuant to Title 14, the California Code of Regulations, Section 15302(c) of the California Environmental Quality Act (“CEQA”) guidelines, approval of this resolution is an administrative activity of the City that will not result in direct or indirect physical changes to the environment.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Healdsburg hereby:

- 1) Finds that Pursuant to Title 14, the California Code of Regulations, Section 15302(c) of the California Environmental Quality Act (“CEQA”) guidelines, approval of this resolution is an administrative activity of the City that will not result in direct or indirect physical changes to the environment.
- 2) Authorizes the City Manager to enter into an agreement with Milestone Events Group for management and operation of the Villa Chanticleer that includes the following terms:
 - Five year term with a potential five year extension;
 - Milestone assumes responsibility for event marketing, planning, and execution;
 - Milestone will provide day to day maintenance and upkeep of the building and grounds;
 - The City will perform specified facility improvements by September 30, 2022;

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- The City will maintain the structural components of the property and the major kitchen equipment and mechanical systems;
- Milestone will waive the rental fee for five events in the Villa hosted by the City, five events hosted by the Healdsburg Unified School District, and six events hosted by Healdsburg American Legion Sotoyome Post No. 11, each year;
- Healdsburg residents will receive a 20% discount on rental fees;
- Nonprofits will receive a 50% to 70% discount on rental fees; and
- The parties will work together to develop a long-term capital expenditure plan.

PASSED, APPROVED AND ADOPTED, by the City Council of the City of Healdsburg, this 21st day of June, 2022, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

ABSTAINING: Councilmembers:

SO ORDERED:

ATTEST:

Oswaldo Jimenez, Mayor

Raina Allan, City Clerk

Attachment: Resolution (3593 : Villa Chanticleer Operating Agreement)