

## MEMORANDUM

**TO:** Board of Trustees

**THROUGH:** Indra Winqest  
District General Manager

**FROM:** Darren Howard  
Director of Community Services/Golf

Lauren Iida  
Sales & Events Coordinator

**SUBJECT:** Review, discuss and possibly approve facility rates for the Chateau and Aspen Grove, effective immediately for all future bookings.

**STRATEGIC PLAN:** Long Range Principle #2 – Finance

**DATE:** March 30, 2022

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### **I. RECOMMENDATION**

Staff recommends that the Board of Trustees makes a motion to approve the provided Facilities rate structure, for the Chateau and Aspen Grove for 2022.

### **II. BACKGROUND**

The District operates facilities at The Chateau and Aspen Grove for special events, primarily weddings, memorials and various community events. The District's Special Events typically operate as a profit-center generating net revenues for the District by providing exceptional facilities and services supported by market-rate fees charged to non-residents, with discounts of 25%-30% being afforded to Picture Pass holders.

While weddings account for less than 20% of facility rentals in a typical year, they generate over 80% of the annual revenue from special events. Annually, the District hosts 80-100 weddings with roughly two-thirds booking facility space at The Chateau and one-third at Aspen Grove. Net revenues generated by weddings and other private events also contribute to supporting the use of District facilities for community events, and have also historically contributed to supporting other District programs and activities.

Review, discuss and possibly approve Facility rates for the Chateau and Aspen Grove for 2022.

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In order to continue to appropriately position District banquet facilities within the market, rate adjustments are being proposed. This will help cover the increasing costs of goods and services and continued maintenance on the aging infrastructure.

### *Board Practice 6.2.0 – Pricing*

At their meeting of March 1, 2022, the Board of Trustees approved Board Practice 6.2.0 related to pricing of Community Services and Beach products and services, including both District Golf Courses. The following represents pricing guidelines contained in Board Practice 6.2.0 specific to Facility Rentals and Special Events:

#### 3.5.2 Chateau & Aspen Grove Rentals / Special Events

- 3.5.2.1 Fees set for Facility rentals and Special Events will be based on cost-recovery targets for the Facilities Enterprise Fund established through the budget process.
- 3.5.2.2 Rental fees for use of facilities by non-IVGID Picture Pass holders will take into account the historical utilization rates and incorporate a mark-up required to achieve overall cost-recovery targets.
- 3.5.2.3 Rentals provided to IVGID Picture-Pass holders will incorporate discounts, as appropriate.
- 3.5.2.4 Fees charged for catered (Food and Beverage service) events will be set to cover the Full-Cost of staff, operations and food and beverage, plus mark-up based on market conditions.
- 3.5.2.5 Consideration shall be given to maintain Facility rental and Special Events services competitive within the regional marketplace.

### **III. DISCUSSION**

#### *Facility Rental Recommendation*

The Tahoe-Reno wedding market including The Chateau has seen an increased amount of 'low season' events. Customers are savvy to the fact that accommodations and other services in the area tend to be less costly during the low-season months. Staff is proposing a third tier of rates to capture additional revenue in 'shoulder' season months, November & May.

### **THE CHATEAU BANQUET FACILITIES**

Review, discuss and possibly approve Facility rates for the Chateau and Aspen Grove for 2022.

June – October Venue Rates	Non-PPH Rate	Proposed Rate	PPH Rate	Proposed Rate
Saturday	\$7,990	\$8,990	\$5,993	\$6,745
Friday & Sunday	\$5,720	\$6,490	\$4,060	\$4,870
Monday-Thursday	\$3,505	\$4,990	\$2,630	\$3,745
November & May Venue Rates				
Saturday		\$6,990		\$5,245
Friday & Sunday		\$5,490		\$4,118
Monday-Thursday		\$3,990		\$2,995
December – April Venue Rates				
Saturday	\$5,360	\$5,490	\$4,020	\$4,118
Friday & Sunday	\$3,715	\$4,490	\$2,790	\$3,370
Monday-Thursday	\$2,345	\$3,490	\$1,760	\$2,620

### ASPEN GROVE BANQUET FACILITIES

June – September	Non-PPH Rate	Proposed Rate	PPH Rate	Proposed Rate
Saturday	\$3,635	\$5,000	\$2,725	\$3,750
Friday & Sunday	\$2,400	\$4,000	\$1,800	\$3,000
Monday-Thursday	\$1,325	\$3,000	\$1,020	\$2,250

The above rates represent base rates to reserve banquet facilities for weddings, and are based on a six-hour rental (typically 4pm-10pm). In addition to the facility rental rates, special events also are charged for the direct costs of the event to cover staffing, food and beverage services, administration as well as various “upgrades” to standard rental packages.

The facility rental rates subject of this agenda item are designed to cover the fixed cost of the facilities, while also contributing to the profit margin realized by providing the facilities for rental to the general public. Staff estimates that the pro-rated fixed cost for facilities at The Chateau is approximated \$184 per hour, or \$1100 for a six-hour rental. The fixed cost for operating facilities at Aspen Grove are estimated at approximately \$50 per hour, or \$300 for a six-hour event.

Review, discuss and possibly approve Facility rates for the Chateau and Aspen Grove for 2022.

Accordingly, the net revenue contribution from rental rates charged for these facilities varies greatly depending on the time of year and days being reserved. While low-season (December-April) mid-week rentals cover two to three times the actual fixed costs, shoulder season (November & May) rental rates typically cover five to six times the fixed costs and peak season (June-October) weekend rental rates typically cover eight to ten times the fixed costs. Rental rates are set to also cover facility costs incurred when facilities are not actively in use (based on historical utilization and yields).

### HOURLY RATES & 1701 APPLICABLE RATE

(The below rates do not apply to weddings. These rates are not publically published)

#### CHATEAU

Chateau venue rental fee starts at \$500. Hourly rates are priced per hour, per 1/3 of the ballroom. Guest counts above 75 will require 2/3 ballroom. Minimum guest counts apply. Outside Food & Beverage not permitted

June – October Hourly Venue Rates	Non-PPH Rate	PPH Rate
Saturday – not applicable		
Friday & Sunday	\$360	\$270
Monday-Thursday	\$275	\$208
November & May Venue Rates		
Saturday	\$390	\$295
Friday & Sunday	\$305	\$230
Monday-Thursday	\$220	\$170
December – April Venue Rates		
Saturday	\$305	\$230
Friday & Sunday	\$250	\$190
Monday-Thursday	\$195	\$145

Review, discuss and possibly approve Facility rates for the Chateau and Aspen Grove for 2022.

**ASPEN GROVE**

Aspen Grove venue rental fee starts at \$500. Minimum guest counts apply. Outside Food & Beverage not permitted

June – September	Non-PPH Rate	PPH Rate
Saturday	\$830	\$625
Friday & Sunday	\$665	\$500
Monday-Thursday	\$500	\$375

Hourly venue rates are determined based upon the full rate divided by a standard 6-hour event rental time. The approval of these rates will help to better serve corporate business as well as IVGID PPH’s looking to host a celebration of life, birthday party, or other private gathering.

**IV. FINANCIAL IMPACT AND BUDGET**

Proposed rates would take effect immediately for new contracted business. New wedding business is contracted approximately 1 year prior to the event date, we expect the adjusted Facility rates to impact the 2023/24 fiscal year.

**V. ALTERNATIVES**

- The Board of Trustees could consider approving additional facility rental increases.
- The Board of Trustees could defer action and maintain rates at current levels; however, this option would likely result in foregone revenues based on market comparisons and the projected increase in demand for banquet facilities over the next several months,

**VI. COMMENTS**

None at this time.

**VII. BUSINESS IMPACT**

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

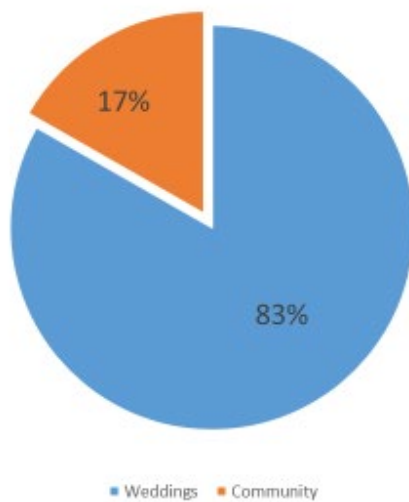
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**VIII. CONCLUSION**

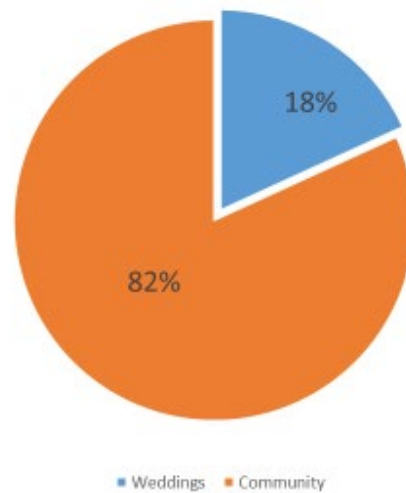
Staff recommends that the Board of Trustees makes a motion to approve the provided Facilities rate structure, for the Chateau and Aspen Grove for 2022/23.

**Facility Utilization and Revenue Mix**  
(figures are from last fully operational season)

Facility Revenue 2018/19



Number of Events 2018/19



Review, discuss and possibly approve Facility rates for the Chateau and Aspen Grove for 2022.

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## Historical

### Aspen Grove Wedding Expenses & Revenues

#### Non-Picture Pass Holder

08/17/2019 Aspen Grove Wedding – 85 guests	
Total Expenses	\$3,791.47
Total Revenue	\$8,222.00
Total Profit or (Loss)	\$4,430.53
Profit/(Loss) % of Rev	54%

#### Picture Pass Holder – 25% Discount

08/17/2019 Aspen Grove Wedding – 85 guests	
Total Expenses	\$3,791.47
Total Revenue	\$6,166.50
Total Profit or (Loss)	\$2,375.03
Profit/(Loss) % of Rev	39%

7/19/2019 Aspen Grove Wedding – 48 guests	
Total Expenses	\$3,356.10
Total Revenue	\$6,737.00
Total Profit or (Loss)	\$3,380.90
Profit/(Loss) % of Rev	50%

7/19/2019 Aspen Grove Wedding – 48 guests	
Total Expenses	\$3,356.10
Total Revenue	\$5,052.75
Total Profit or (Loss)	\$1,497.79
Profit/(Loss) % of Rev	30%

### The Chateau Wedding Expenses & Revenues

#### Non-Picture Pass Holder

08/24/2019 Chateau Wedding – 170 guests	
Total Expenses	\$15,134.90
Total Revenue	\$32,014.00
Total Profit or (Loss)	\$16,879.10
Profit/(Loss) % of Rev	53%

#### Picture Pass Holder - 25 % Discount

08/24/2019 Chateau Wedding – 170 guests	
Total Expenses	\$15,134.90
Total Revenue	\$24,010.50
Total Profit or (Loss)	\$8,875.60
Profit/(Loss) % of Rev	37%

7/3/2020 Chateau Wedding – 45 guests	
Total Expenses	\$2,669.18
Total Revenue	\$7,261.99
Total Profit or (Loss)	\$4,592.81
Profit/(Loss) % of Rev	63%

7/3/2020 Chateau Wedding – 45 guests	
Total Expenses	\$2,669.18
Total Revenue	\$5,446.50
Total Profit or (Loss)	\$2,777.32
Profit/(Loss) % of Rev	51%

