

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 31, 2021

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 2021.

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

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for community events, and have also historically contributed to supporting other District programs and activities.

The specific rental rates proposed for adjustment for the District’s banquet facilities at the Chateau and Aspen Grove have been unchanged since 2018. After a comparative review of rates charged by other area venues and in recognition of increasing costs, staff is proposing rate adjustments in order to increase revenues and appropriately position District banquet facilities within the market.

Facility Rental Recommendation

While the comparative market analysis suggests that rental rates for The Chateau and Aspen Grove could be increased by as much as 30% over current rates to, staff is proposing rental rates for 2021-22 be increased by 15% across-the-board, with the exception of peak season Saturday rentals at The Chateau (these rates were increased in 2019).

THE CHATEAU BANQUET FACILITIES

June – October Venue Rates	Non-PPH Rate	Proposed Rate	PPH Rate	Proposed Rate
Saturday	\$7,990	No Change	\$5,993	No Change
Friday & Sunday	\$4,970	\$5,720	\$3,528	\$4,060
Monday-Thursday	\$3,045	\$3,505	\$2,286	\$2,630
November – May Venue Rates				
Saturday	\$4,660	\$5,360	\$3,495	\$4,020
Friday & Sunday	\$3,230	\$3,715	\$2,423	\$2,790
Monday-Thursday	\$2,035	\$2,345	\$1,527	\$1,760

ASPEN GROVE BANQUET FACILITIES

June – September	Non-PPH Rate	Proposed Rate	PPH Rate	Proposed Rate
Saturday	\$3,160	\$3,635	\$2,370	\$2,725
Friday & Sunday	\$2,085	\$2,400	\$1,565	\$1,800
Monday-Thursday	\$1,150	\$1,325	\$885	\$1,020

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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 \$167 per hour, or \$1000 for a six-hour rental. The fixed cost for operating facilities at Aspen Grove are estimated at approximately \$46 per hour, or \$280 for a six-hour event.

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 (November-May) mid-week rentals cover two to three times the actual fixed costs, 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).

III. FINANCIAL IMPACT AND BUDGET

It is estimated that, for a typical year of rental activity, the adjusted Facility rates to produce an additional \$60,000-\$85,000 in revenues. Short-term revenue impacts are difficult to assess due to the uncertainty surrounding COVID-19 restrictions, and related demand for these types of facilities.

IV. ALTERNATIVES

- The Board of Trustees could consider approving facility rental increases in excess of the 15% proposed, up to 30%, in order to maximize revenues from facility rentals.
- 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,

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V. COMMENTS

None at this time.

VI. 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.

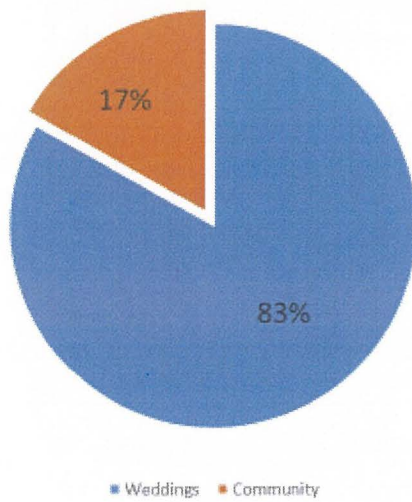
VII. CONCLUSION

Staff recommends that the Board of Trustees makes a motion to approve the provided Facilities rate structure, for the Chateau and Aspen Grove for 2021.

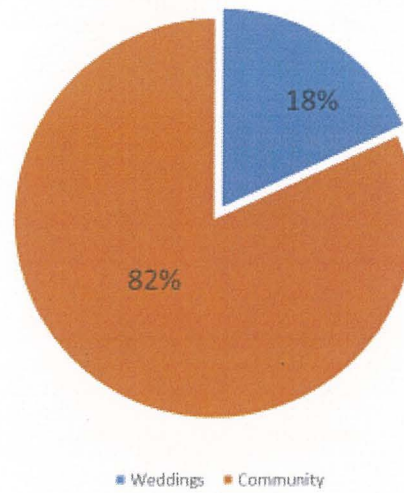
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Facility Utilization and Revenue Mix

Facility Revenue 2018/19

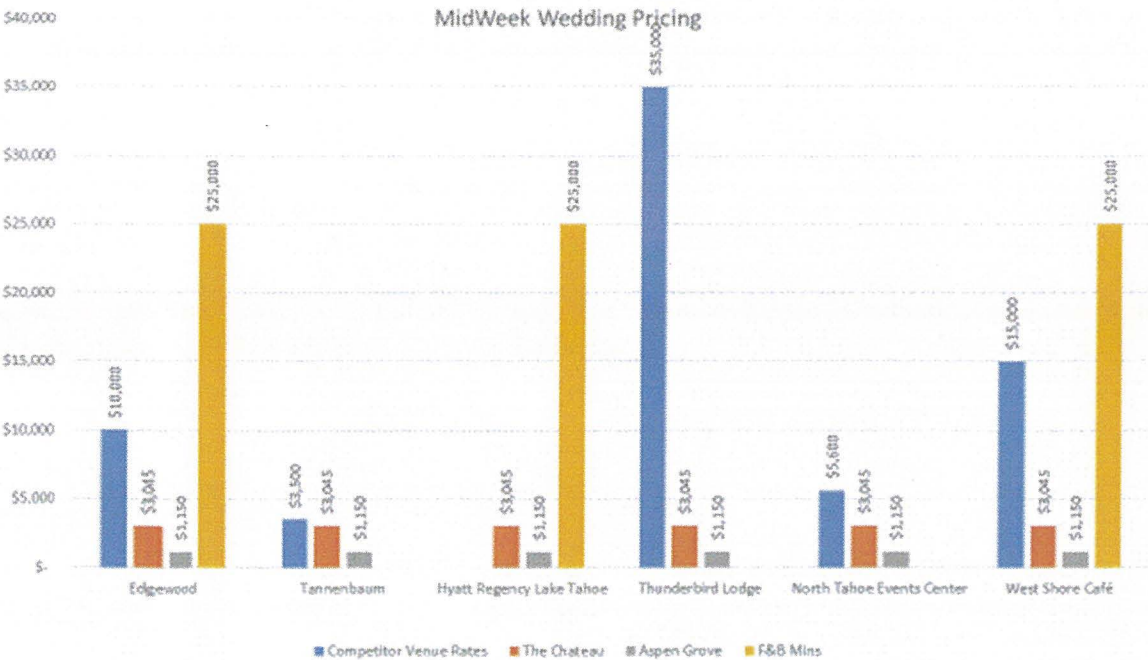
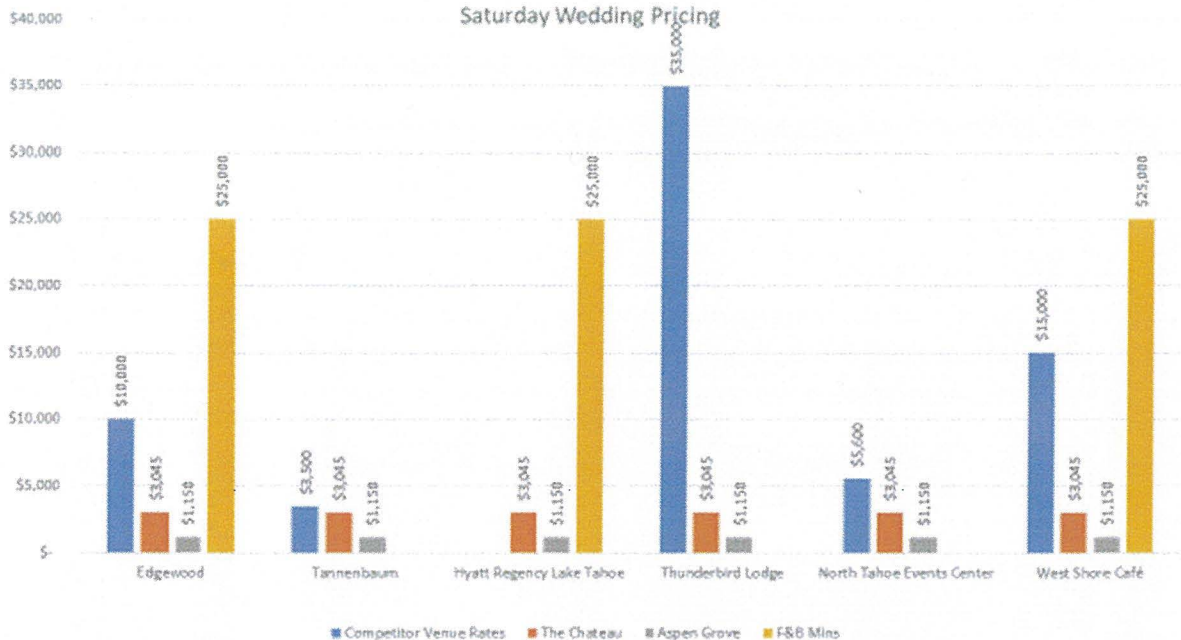


Number of Events 2018/19



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COMPARATIVE MARKET ANALYSIS



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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%