



CITY OF HEALDSBURG PARKS AND RECREATION COMMISSION REGULAR MEETING – AGENDA

City Council Chambers
401 Grove Street, Healdsburg CA 95448
Phone: 707-431-3301

Meeting Date: September 9, 2020
Time: 6:00 P.M.
Date Posted: September 4, 2020

CORONAVIRUS (COVID-19) ADVISORY NOTICE

Consistent with Executive Orders No. N-25-20 and No. N-29-20 from the Executive Department of the State of California and the Sonoma County Health Official Orders No. C19- 03 and C19-05 the City of Healdsburg Parks and Recreation Commission meeting will not be physically open to the public and all Commission Members will be teleconferencing into the meeting via Webex Meetings.

To Watch the Meeting:

To maximize public safety while maintaining transparency and public access, the Healdsburg Parks and Recreation Commission will be using Webex Events service to allow remote participation. Members of the public who only wish to watch the meeting can do so by using the link <http://healdsburgca.igq2.com/Citizens/default.aspx>.

To Watch the Meeting and Submit Public Comment as Part of the Meeting:

1. Go to <https://cityofhealdsburgmeetings.webex.com/>
2. Enter in the following event number: **146 562 8271** the gray box under the words “Join a meeting” and click “Enter”
3. The next screen will display the Event Information. In the middle of the screen towards the bottom or in the event status line, click “Register”
4. Fill in the requested information (first name, last name and email address) and hit submit
5. The next screen will display your registration has been confirmed and notifying you, that you will receive a confirmation email with the detailed event information.

The Day of the Meeting

1. Open the confirmation email you received from the event registration
2. Click on the green button that says “Join Event”
3. If the meeting host has started the event; the event should automatically start on your screen
4. If the meeting host has not started the event, you may need to refresh your screen a few minutes before the start of the meeting and again click on “join event”

To Submit Public Comment

1. Once you are in the meeting, open the list of participants.
2. In the bottom right hand corner of the participant list, is a hand icon
3. Click on the hand icon
4. The hand icon will place you in line to speak

SB 343 - DOCUMENTS RELATED TO OPEN SESSION AGENDAS: Any writings or documents provided to a majority of the City Parks and Recreation Commission regarding any item on this agenda after the posting of this agenda and not otherwise exempt from disclosure, will be made available for public review in the Parks and Recreation Office located at 1557 Healdsburg Avenue during normal business hours. If supplemental materials are made available to the members of the Commission at the meeting, a copy will be available for public review at the Parks and Recreation Office located at 1557 Healdsburg Avenue, Healdsburg, CA 95448. These writings will be made available in appropriate alternative formats upon request by a person with a disability, as required by the Americans with Disabilities Act.

5. When it is your turn to comment, the meeting moderator will call upon you to comment
6. When you are done commenting, or your three minutes are complete, please remember to un-raise your hand

If you have any questions, please email communityservices@cityofhealdsburg.org.

Americans with Disabilities Act Accommodations

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Any member of the public who needs accommodations should email Community Services at communityservices@cityofhealdsburg.org or call 707-431-3301. Staff will use their best efforts to provide reasonable accommodations to provide as much accessibility as possible while also maintaining public safety in accordance with the city procedure for resolving reasonable accommodation requests. All reasonable accommodations offered will be listed on the city website at <https://www.ci.healdsburg.ca.us/406/ada---public-accessibility>.

1. **CALL TO ORDER**
 - a) Roll Call
 - b) Pledge of Allegiance
 - c) Changes (Deletions) from Agenda
2. **CITY COUNCIL LIAISON REPORT**
Receive a report from City Council Liaison Hagele
3. **PUBLIC COMMENT ON NON AGENDA ITEMS**
This time is set aside to receive comments from the public regarding matters of general interest not on the agenda, but related to Commission business. Pursuant to the Brown Act, however, the Commission cannot consider any issues or act on any requests during this comment period.
4. **OLD BUSINESS**
 - a) Report on Community Services in COVID-19 and Walbridge Fire
Receive an update on Community Services' response during COVID-19 and the Walbridge Fire
 - b) Report on Planning Processes
Receive an update on the Parks, River Access, and Connectivity and Arts and Culture Planning Processes
5. **NEW BUSINESS**
 - a) Update on Villa Chanticleer Operations During COVID-19
Receive an update on considerations for the operation of the Villa Chanticleer during the COVID-19 pandemic
6. **INFORMATION AND REPORT OF COMMUNITY SERVICES ACTIVITIES** (*Staff, Information Only*)
7. **COMMISSION REPORTS ON MATTERS OF INTEREST OCCURRING SINCE PREVIOUS REGULAR MEETING**

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

Commission Members

Kathy Birdsong (Term Expires 12/31/2020)

Jackson Boaz, Youth Representative (Term expires 12/31/21)

Ron Doble, Chair (Term Expires 12/31/2022)

Marcy Flores (Term Expires 12/31/2021)

Chris Herrod (Term Expires 12/31/2021)

John Lambert, Vice Chair (Term Expires 12/31/2022)

Lacey Scott (Term Expires 12/31/2022)

Jay Tripathi (Term Expires 12/31/2020)



HEALDSBURG PARKS AND RECREATION COMMISSION

AGENDA ITEM:	5.a. Update on Villa Chanticleer Operations during COVID-19
MEETING DATE:	September 9, 2020
PREPARED BY:	Mark Themig, Community Services Director
REQUESTED ACTION:	<i>Receive an update on considerations for the operation of the Villa Chanticleer during the COVID-19 pandemic</i>

BACKGROUND:

Since April staff have been meeting with Jimmy Stewart of the Tayman Group to monitor and discuss options for operating the Villa Chanticleer during COVID-19. We have explored several options to repurpose the facility during COVID but none have materialized.

The Villa is on the agenda for the September 8 City Council meeting for City Council to consider the issue and the attached staff report outlines several options.

The Commission has been an integral part of the Villa's operational analysis in the past but unfortunately the timing of the negotiations with Mr. Stewart and the City along with Tayman Group's lease termination date did not provide enough time for this item to go to the Commission before City Council. As outlined in the staff report, whatever direction City Council provides on Tuesday will likely be only the first step in figuring out the long-term future of the Villa. I would see the Commission being integral to that long-term discussion.

At your meeting staff will provide a presentation on the current situation that incorporates City Council's direction from their meeting on September 8.



CITY OF HEALDSBURG CITY COUNCIL AGENDA STAFF REPORT

MEETING DATE: September 8, 2020

SUBJECT: Consideration of Options for the Operation of Villa Chanticleer During the COVID-19 Pandemic

PREPARED BY: Mark Themig, Community Services Director

STRATEGIC INITIATIVE(S):

Maintain and Improve Infrastructure and Facilities

Provide Effective Governance

Provide Resident-Driven Community Services

RECOMMENDED ACTION(S):

Review options for the operation of the Villa during COVID-19 and provide direction to staff.

COMMUNITY ENGAGEMENT/OUTREACH:

Staff has reached out to American Legion Sotoyome Post No. 111 to update the Post on the situation. No other community engagement has occurred.

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 responsibility for coordinating use of the Villa Annex by the American Legion Sotoyome Post No. 111 that is a separate lease agreement. Under the terms of the lease Tayman is responsible for the full facility operation of the Villa and coordinating use of the Villa Annex with the American Legion. Maintenance and upkeep is shared between Tayman and the City generally as follows:

- Tayman: Most of the day-to-day cleaning and upkeep of the Villa; maintenance of the Villa grounds surrounding the facility including the Wedding Garden; and the Villa equipment.

- City: Most of the structural components of the Villa and Annex; the Annex equipment; the remainder of the grounds at the Villa.

Since 2014 Tayman has worked to develop their business and enhance the recognition of the Villa as a viable event center in the area for weddings, special events, parties, and other uses that are market-rate based. In addition, the terms of the agreement require that the Villa be made available to local organizations at either free or discounted rates. Some of the organizations that have benefitted from these terms include Healdsburg Unified School District, Rotary Club, Kiwanis Club, and the City. These uses have included events like community fundraisers, dances, organization meetings, and the annual Senior Appreciation Dinner. Bookings have increased from over the five-year period:

Year	Discounted, Free, Community, Other	Market-Rate	Total
2015*	160	40	200
2016*	190	50	240
2017	211	62	273
2018	198	119	317
2019	207	81	288

*Estimates based on prior record keeping.

The original five-year term with Tayman concluded in August 2019 and City Council approved a lease amendment that allows for up to three successive five-year extensions effective September 1, 2019.

The outbreak of COVID-19 and the March 17, 2020 Shelter in Place orders halted operations at the Villa and Villa Annex. All upcoming bookings were either deferred or cancelled depending on the situation, and future interest in booking the site temporarily ceased. As with many businesses, operating income stopped while ongoing costs to carry the operation continued.

Recognizing the significance of the situation, in April 2020 Community Services staff began a series of discussions with representatives of the Tayman Group to explore potential temporary reuse opportunities that would help offset the ongoing carrying costs. Some ideas that we explored included:

- Temporary restaurant operations.
- A location for a business that needed space to expand its operations.
- Hosting childcare at the site.
- An additional space for schools and learning.

The frequent changes to the health orders early in the pandemic made exploring any of these options nearly impossible. For example, as staff was convening discussions with local chefs in May about using the site for temporary restaurant operations the orders changed allowing limited outdoor dining and the Chefs' focus returned to their physical location. The orders related to childcare and schooling were also very speculative, making those options hard to pursue. And ultimately, the need to recover some or all of the carrying costs became an obstacle for businesses that were already struggling. In May, staff presented the City Manager with the Villa

situation as part of the budget process to seek direction on potential options that might change the operating model for the Villa. The City Manager determined that none of the options were viable, and no further work proceeded on these options.

Representatives of the Tayman Group and City staff continued to remain in contact and discuss different scenarios throughout the summer in hopes that changes to the health orders would create viable and realistic opportunities for operating income in some form, or at a minimum, create use opportunities for the facility. (Since our collaborative efforts began this spring use of the facility has been limited to carefully regulated blood drives that require significant space, a few outdoor wedding ceremonies, and some use of the outdoor picnic areas. The Villa is scheduled to be the City's in-person polling location for the November election. None of these uses have created the income required to make the operation sustainable.) Tayman Group did receive federal assistance in the form of Paycheck Protection Program that has helped support some of the Villa's carrying costs, but this aid stopped on June 30 with the termination of the program.

Interim City Manager Kiff and staff met with Jimmy Stewart of the Tayman Group in July to continue to explore options for the future of the Villa. Shortly after Mr. Stewart provided the City with conceptual operational scenarios for the City's consideration that included (a) terminating the lease and entering into a new management agreement with Tayman to operate the Villa for a fee on behalf of the City, (b) share the carrying costs, or (c) terminating the lease the services Tayman provides to the City and walking away from the operations. On August 10, Mr. Stewart provided notice of his intent to terminate the lease under the force majeure clause effective August 31.

Since August 10 staff and Mr. Stewart have continued to explore potential scenarios for sustaining the Villa until such time as events can return, or in the case that events can't return in 2021, mothball the operation. Mr. Stewart has agreed to extend the lease termination date until September 11 in order to allow time for City Council to consider the situation.

DISCUSSION/ANALYSIS:

Like many businesses, Tayman Group has come to the decision that they can no longer sustain the Villa's operations under the current lease terms due to COVID-19. Although Tayman Group has provided the City with their notice to terminate the lease, they are willing to consider alternative arrangements. As part of the ongoing discussions with Tayman Group, staff has identified four several different scenarios that the City could consider for the near- and long-term future of the Villa.

The following is a summary of the four options:

Option	Advantages	Disadvantages	City Fiscal Impact
<p>A. Terminate the current lease, cancel and refund all scheduled events, mothball the operation for the remainder of COVID-19, and determine the future of the Villa later.</p>	<ul style="list-style-type: none"> • Least expensive initially • Deposits are refunded by Tayman and City has no further liability for events • Least risk should COVID restrictions continue through 2021 • Could issue RFP during mothball stage to find new operator 	<ul style="list-style-type: none"> • Loss of approximately \$450,000 in potential income from current bookings • Would require 24+ months to resume current operational level • No community events that have typically been held at the Villa could occur until operations resume • Major effort to resume operations • Likelihood of finding new vendor during COVID 19 could be low 	<ul style="list-style-type: none"> • During COVID: ~\$3,500/month for carrying costs • Post COVID: ~\$10,000-12,000/month restarting the operation (could be reduced with new operator who is willing to take on the obligation)

Option	Advantages	Disadvantages	City Fiscal Impact
<p>B. Amend the current lease to include a cost sharing arrangement for the carrying costs through December 31, 2020 with the potential to extend the lease through March 31 upon written agreement of both Tayman and the City.</p>	<ul style="list-style-type: none"> • Continues the current operational framework • Retains approximately \$450,000 of potential income from current bookings • Allows Tayman to continue to market the facility for booking additional events • Provides additional time to evaluate fiscal status of the City and operational considerations for Villa 	<ul style="list-style-type: none"> • Increased cost for the City during COVID • Potential that mothballing the facility may be required if COVID restrictions do not end 	<ul style="list-style-type: none"> • During COVID: ~\$6,125/month • Post COVID: no additional costs anticipated
<p>C. Amend the lease to incorporate a monthly loan payment to Tayman Group equivalent to the monthly carry costs until the COVID restrictions are ended. Loan would be structured similar to the City's COVID Small Business Loan program.</p>	<ul style="list-style-type: none"> • Continues the current operational framework • Retains approximately \$450,000 of potential income from current bookings • Allows Tayman to continue to market the facility for booking additional events 	<ul style="list-style-type: none"> • Would need to determine source of loan for carrying costs • Since it would be a loan there could be some risk in repayment if COVID restrictions continue long-term 	<ul style="list-style-type: none"> • During COVID: ~\$12,000/month loan costs • Post COVID: loan costs repaid

Option	Advantages	Disadvantages	City Fiscal Impact
D. Terminate the current lease and enter into a management agreement with Tayman Group (or another vendor).	<ul style="list-style-type: none"> If management agreement is with Tayman would provide continuity of operations 	<ul style="list-style-type: none"> Higher cost to City Feasibility of finding any vendor willing to take on operations during COVID 	<ul style="list-style-type: none"> City would book all revenue and pay all expenditures associated with the operations. Tayman has proposed providing management services for a \$75,000/year fee.

In considering the four options above two variables drive the viability of each option: (1) when COVID restrictions would end and, how (2) the City would fund the cost given the status of the overall fiscal crisis the City is facing. The following are staff's thoughts on each option:

- Option A: In a short-term view this option would be the most viable as the costs during COVID are the least. However, the long-term cost to restart operations, market and book new market-rate events, and return to current operational levels could be significant. In addition, there would be a loss of approximately \$450,000 of booked income.
- Option B: Has a higher short-term cost to the City but it allows additional time to understand recent City revenue trends (e.g. TOT), how COVID is progressing, and how the health orders are relaxed or reinforced over the fall. A decision could be made in December and again in March to mothball the facility if conditions have not improved.
- Option C: Has the highest short-term cost but these costs would be repaid once we move out of COVID. The Tayman Park Golf Course operations are part of Tayman Group's business, so in the event the Villa is ultimately closed, the Golf Course operations would be used to pay back the loan.
- Option D: Not a viable option as it significantly increases the City's costs short term and long term, and the likelihood of finding a new vendor during COVID could be low.

In Options A, B, C, Tayman Group is requesting that the amended lease terms include a revised termination clause that allows Tayman to terminate the lease with 30 days' notice, along with the ability to recover COVID related losses before committing to contributions to the capital improvement account for the Villa.

Staff is requesting direction from City Council on which of the four options Council would like to move forward with, or if Council would like to pursue a different option. Staff will bring back the appropriate agreement or follow-up at the September 21 meeting along with funding options.

As a final note, the current issue under consideration is addressing operational costs during and after COVID. The City's recently completed Parks and Recreation Facilities Assessment has identified deficiencies that will need to be addressed long-term as part of the future capital improvement program.

ENVIRONMENTAL STEWARDSHIP:

Not applicable.

ALTERNATIVES:

City Council could move forward with any of the four options or propose a different approach.

FISCAL IMPACT:

Option	During COVID Carrying Costs	Post COVID Operational Costs
A: Mothball	~\$3,500/mo	~\$10,000-12,000/mo until operations are restored or another operator assumes responsibility
B: Share Carrying Costs	~\$6,125/mo	\$0
C: Loan for Carrying Costs	~\$12,000/mo	\$0
D: Management Agreement	~\$16,000/mo	Will depend on income stream and expenses.

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.