

Villa Chanticleer Report

Marketing and Operations Analysis

Prepared for the City of Healdsburg

July 15, 1997

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Introduction

The city expressed a desire to investigate the feasibility of increasing the revenue generated by the Villa Chanticleer. MJT Associates was contracted to prepare a Marketing Plan and assess the operations of the Villa Chanticleer for the City of Healdsburg. This report is the result of that contract and outlines the process for conducting this study, an analysis of the operations of the Villa, and a Marketing Plan.

Process

This study was begun on April 15, 1997 and completed on July 15, 1997. This study involved several aspects: First of all, city and community members were interviewed to gather opinions and suggestions regarding the operations, function, and marketing of the Villa. We interviewed several members of the Healdsburg community, including city council members, city staff, business leaders, non-profit organization administrators and many other citizens. We provided members of the community the opportunity to offer input by holding a public hearing and a survey that was distributed through the Healdsburg Tribune and city offices. Secondly, an analysis of current operations and use of the Villa Chanticleer was completed by interviewing city staff and reviewing current operating procedures. This analysis included the financial and accounting records and procedures of the Villa Enterprise fund and the American Legion's operation of the bar. In addition, we contacted several past renters to evaluate service provided by the Villa staff. Thirdly, we conducted an analysis of current use to identify peak and off-peak rental periods and times. We used this information to establish potential rental times where increase rentals could be accommodated. Fourthly, we surveyed several businesses throughout Sonoma County to determine their needs for an off-site meeting or conference facility. This aspect of the study includes a detailed analysis of the services offered and prices competing facilities within Sonoma County.

History

The Villa Chanticleer has a long and colorful history. It began as a covey of cabins built around a screened dining pavilion. It was established as a resort for the French Population of San Francisco in 1910. Quests would be taken from the depot in Healdsburg to the resort by horse and buggy. The Villa changed hands several times in the next two decades finally being purchased on June 29, 1945 by a pair of bar owners from San Francisco for \$35,000 (including the 16 acres of surrounding land). The new owners, Joseph Johnson and Jack Kent, began to operate the Villa year round and added hot and cold water and electric heaters to the cabins. Unfortunately, the Villa burned to the ground on September 8 of that same year. Tough break.

Kent and Johnson were undaunted. They immediately started rebuilding the Villa with the help of architect Clarence Felciano of Santa Rosa. After two years the new larger Villa was ready to open. Again, Kent and Johnson ran into trouble. They declared bankruptcy prior to the grand opening and their new resort closed in 1947. A colorful legend has evolved regarding these two "lucky" men. It seems that they had ties to the Mafia and had

plans to use the Villa as a resort for distinguished Mafiosos. As the story goes, they got into financial trouble when one of their backer's bodies was found in the trunk of a car at the San Francisco airport. While one may not find Jimmy Hoffa's body buried under the basement, the Villa has played a major role in Healdsburg history.

The city purchased the Villa in 1955 and upgraded the facility. Since that time the Villa has been a social "Mecca" for the people of Healdsburg. In 1993 the Villa was renovated to restore the building to its original look from 1947. The Villa continues to provide the community a long tradition of flare and elegance that will remain for years to come.

Information and Analysis

In this section of the report, we will present our findings from the study. We begin with a presentation of our interviews with community members and a list of their concerns. This is followed by an outline, analysis and recommendations for improving the management and operations of the Villa. This sections concludes with a discussion and analysis of the current marketing strategies for the Villa Chanticleer.

Interviews of community members

MJT conducted numerous face-to-face interviews of a cross section of the Healdsburg community.¹ The purpose of these interviews is to gather opinions on the function, use, operations and marketing of the Villa from the community. The interviews were held in various locations at the discretion of the interviewee.

All people interviewed are listed in the Appendix to this report but their individual comments will remain confidential. To ensure honest and forthright responses each interviewee was given a disclaimer assuring them that their comments would be kept confidential.² A basic set of common questions was asked to insure a baseline of information and opinions. Several open-ended questions were asked to allow people to express their professional and personal opinions. A sample questions sheet is included as Appendix B.

The interviews provide some strong common themes in the community's perception of the Villa's function and use. In addition, these interviews generate several concerns regarding the marketing potential and operations and use by the community.

Perceptions of function and use

- The Villa should maintain low rates for residents and non-profits
- The Villa is a source of pride for the community
 1. Beautiful setting
 2. Colorful history
- The Villa is an important part of the community
 1. Social gathering place
 2. Fundraising facility for non-profit organizations
- The Villa's primary function is to serve the community as a social and recreational facility
- The Villa's primary function is to serve the community by generating revenue for other uses from the meetings and conventions held there
- The Villa cannot meet all needs of the community

¹ For a complete list of persons interviewed see appendix A

² A copy of this disclaimer is included as Appendix C

Perceptions of marketing.

- The Villa's rate structure is poorly understood, and poorly communicated to the community
- The Villa's marketing plan(s) is not understood or nonexistent
- The Villa is not utilized during the week
- The Villa should be aggressively marketed to businesses for meetings and conventions
- The Villa does not have the usual meeting room/convention amenities:
 1. professional sound system
 2. audio-visual devices such as, data projectors, computers, over head projects, VCR's, cable TV, satellite receiver for telecommunications, monitors and screens
 3. drapes to darken the room
 4. room dividers
 5. easels and other presentation aides
 6. professional quality furniture
 7. FAX and phones
 8. on site food and beverage provider
- The Villa has very limited parking for large or multiple events
- The Villa's location is not convenient for local or out of town visitors
- The Villa's master plan for development has not been clearly articulated to the community

Perceptions about operations:

- The Villa's relationship and agreements with the American Legion are not clear to the community
- The Villa should be run by another agency, hired by the City
- Non profit groups should get a share of the bar revenue during fund raisers
- The Villa should be run by one person who is on site and dedicated to run only the Villa
- The Villa is sometimes not prepared for functions because of lack of facilities or cleanliness
- There is abuse on the resident/non-resident fee structure.

Analysis

It was clear the community believes the Villa Chanticleer is a source of pride for the community for its beautiful setting and colorful history. The community expressed the importance of the Villa as a social gathering place and facility to give various community groups a place to raise funds for their activities. Almost without exception, people strongly expressed the view that the primary function of the Villa must be to serve the community as a social and recreational facility before any other functions are served. Most community members understand the reality that the Villa may not be able to meet all of the communities social, recreational, and commercial needs.

While the community believes strongly in the positive role that the Villa enjoys in the community, it has several concerns regarding how the Villa is marketed. Most importantly a majority of the community believes that the Villa should continue the practice of providing residents and non profit organizations with reduced rental rates. This practice, according to the community could be financed through aggressive marketing toward businesses for mid week meetings and conventions. However, there is significant concern that increased corporate and private usage should not displace community non-profit organizations and traditional renters.

Current management functions and operations

The Community Services Department of the City of Healdsburg operates the Villa Chanticleer. The Director of Community Services has responsibility for its operation, marketing, maintenance, and all other functions relating to its use by the community. Other city departments contribute by supporting some accounting functions, periodic maintenance by city personnel, legal support and other staff support as necessary. The City of Healdsburg has a Recreation and Parks Commission that serves as an advisory group for the city council and staff regarding the Villa.

Staffing

The staff described below are full time employees of the City of Healdsburg. They are the principal employees responsible for the operation, management and marketing of the Villa Chanticleer. Their titles, names and the percentage that is allocated to the management and operation of the Villa are given. Included is the specific percentage of their full time job that is designated to perform their duties related to the operation and management of the Villa.

Director of Community Services: Neil Smart: (Villa time is 18% of total position.)

City of Healdsburg job description: Under administrative direction, plans, organizes and directs the City's Community Services Department. He also provides expert professional assistance to City staff and the public in area of responsibility and performs related work as assigned.

Community Services Supervisor: Lori Moore: (Villa time is 47% of total position.)

City of Healdsburg job description: Under direction, plans organizes and directs City-wide community services, programs and activities. She coordinates City recreation facility usage and special City promotional activities; may direct park maintenance, custodial and landscaping services. Performs related work as assigned.

Maintenance Custodian: Manuel Macias: (Villa time is 100% of total position.)

City of Healdsburg job description: Under general supervision, performs a variety of unskilled and semi-skilled work in the maintenance and repair of buildings, grounds, furnishings and equipment. He prepares for events; learns to and assists in operating and maintaining heating, ventilating, plumbing, electrical systems and equipment; and performs related work as required.

Caretakers: Stacey and Patrick McRee:

The caretakers provide "special supervisory services" at the Villa and rather than receiving a salary from the City of Healdsburg. They are given use of a cottage on the grounds of the Villa (From contract signed by the City of Healdsburg and caretakers):

- a. Lessee shall be provided a cottage at the Villa in exchange for the following services:

- b. Hours: After 4:00 PM on weekdays and beginning 4:00 PM on Friday through 2:00 AM Sunday when groups are using the buildings.
- c. Some of the responsibilities outline in the contract include: opening and closing the facilities, completing all forms and inventories with renters, oversee and assist all groups using the four meeting rooms, picnic area and park, be available at all times when groups are using the facility during work hours.

Analysis

After interviewing the staff responsible for running and maintaining the Villa, we found several problems that need to be addressed:

- The Community Services Supervisor lacks adequate time in the schedule to effectively manage the marketing and operations of the Villa.
- Past renters have expressed concern that occasionally there is not enough on-site help during events.
- Communication between all parties involved is poor.
 - a) On-site staff is occasionally not available to provide assistance to renters.
 - b) At times, facilities are not opened when scheduled.
 - c) Losses or damages from events are either not checked consistently or problems are not relayed to appropriate city staff.

Interviews with staff indicate a lack of mutual understanding of the various roles and responsibilities associated with operating the Villa. This lack of understanding appears to adversely affect the smooth operation of the facility. What's more, this lack of communication extends to the community's perception of how well the Villa is managed.

- People surveyed have occasionally expressed a concern over the lack of security during large events, especially when alcohol is being served.

Recommendations

In today's downsized government mode, everyone is required to wear many hats and work harder for less. It seems that many of the problems and concerns mentioned above are the result of the varied demands of multifaceted jobs. With such an environment, it is becoming increasingly difficult for one person to perform one task. In this light we respectfully advise that the City of Healdsburg consider the following staffing improvements:

- The Community Services director and supervisor explore the feasibility of shifting Villa responsibilities to either other staff members or volunteers. The goal of this recommendation is to provide the Community Services supervisor more time to pursue marketing opportunities. One example of shifting responsibilities is outlined in the finances section of this report.
- Current procedures for communicating weekly event requirements need to be reviewed for effectiveness. We recommend exploring the following strategies to improve communication among Villa staff:
 - a) Monthly staff meetings for the supervisor, on-site staff and others involved in the operation of the Villa (e.g. American Legion, Finance, etc.).

- b) Review the job descriptions to clarify areas of responsibility and modify as needed.
- c) Procedures for common tasks be reviewed with appropriate staff person and documented if necessary. (i.e. Procedures for documenting, charging and repairing damages).
- Staffing for security needs or requirements during large events must be reviewed. New policies may need to be developed regarding security requirements included in the contract. In our analysis of competing facilities, most require the renter to pay for an event technician to be on-site during large events. This person is especially important when alcohol is being served.

Food and Beverage

Each group renting the Villa must contract with a caterer or must provide its own food. If alcohol is served, the American Legion has "first right of refusal" to provide the service. Profits from the sale of alcohol will not be shared with the group booking the facility, even if it is a community non-profit raising funds for community activities.

The renters must contact a caterer and make all of the arrangements for water or other non-alcoholic drinks. Caterers pay a \$25.00 fee for use of the kitchen when catering an event at the Villa.

If alcohol is served at the event, The American Legion has the "first right of refusal" if alcohol is sold. If alcohol is sold at an event, the renters must use the American Legion. This is because the Legion is already licensed and trained by the ABC to sell alcohol. If the renter chooses to provide alcohol at no charge to the guests the City charges them a fee. The following chart displays the fee charged by the City to provide alcohol at no cost to the guests.

Area of Rental	Non-Profit	Private
Villa	\$50	\$250
BBQ	\$50	\$75
Special Event	\$50	\$250

The Villa Chanticleer charges the American Legion a fee of 15% of gross alcohol sales for each event that it caters.

Analysis

This process for securing a caterer and a beverage provider is cumbersome and time consuming. Renters must first schedule the facility, locate and book a caterer and then contact the American Legion for beverage service. Past renters have indicated that this can be rather time-consuming and difficult, especially for out-of-town renters.

The non-profit organizations that we interviewed expressed a concern that profits from alcohol sales are not available under current contracts. This limits their ability to raise funds for their activities.

Recommendations

- The City of Healdsburg explores the concept of a single point of contact for food and beverage. In pursuing this recommendation, the city should encourage the American Legion to develop relationships with local caterers for scheduling events. Our analysis has also revealed, however, that pursuing a single-server for the Villa's food and beverage service becomes difficult in light of the contract with the American Legion. This fact limits the possibilities for pursuing this recommendation to those catering groups who must develop a relationship with the American Legion.

- Through our surveys and interviews, we found that most facilities without on-site restaurants charge caterers 5% of gross sales for the catered event. This fee will generate additional revenue for the Villa.
- On the basis of our interviews and because the Villa is a community facility, the city council and the parks and recreation commission should consider allowing resident non-profit groups to take a percentage of the alcohol sales during their fund raising events. We understand the existing contract with the American Legion does not address this issue, but in today's shrinking budgets, non-profit agencies are under extreme financial pressure.

Scheduling events

Scheduling events for the Villa is handled through the Community Services Department. The Community Services Supervisor is responsible for scheduling all events at the Villa facilities.

Scheduling sequence

1. Potential renters check for available date and price information with the Community Services Supervisor.
2. Staff mails information to potential customer, including applications and permits (Upon request staff will show property when possible.)
3. Staff does a face-to-face meeting with potential renters to cover the rules and regulations of the facilities.
4. Upon receipt of deposit, the date of the event is placed on the master calendar.

Efforts are made to accommodate community events and non-profit organizations for their fund raising activities. All activities can be booked up to one year in advance, and most Saturday evenings have been reserved for large social functions or fund raising events. The rental packet contains the all the information necessary.

Analysis

The customers we surveyed said that scheduling the Villa Chanticleer was an easy process. The process works well, but it is time consuming and labor intensive for the Community Services Supervisor. Scheduling is done manually on a generic "city use" form. This form doesn't have adequate space to list all fees charged to customers for specific services (i.e. alcohol sales, multiple day rentals, etc). In our auditing process we had difficulty figuring out exactly what the renters were being billed for other than the flat rate for the building.

A typical example would be a customer wanting to rent the Villa on Friday for the rehearsal dinner and Saturday for the actual wedding. The current form shows a \$1,137 charge (which is the standard Saturday use fee) for the facility and an additional fee of \$250 charged in the "misc." column. It is unclear what the \$250 charge is for. Is the charge for alcohol or is it the Friday rental fee?

Recommendations

- The city staff should investigate purchasing scheduling software to automate the process and explore networking the computers in the community services and finance departments.
- A new rental contract form specifically designed for the Villa Chanticleer needs to be created. It should categorize all possible charges and clearly show fees charged for multiple day use.
- In the future, the city should look into having an interactive Web site where customers can check availability and schedule events over the Internet. This Web site should be updated on the weekly basis and show all events and activities that are being hosted at the Villa. The Web site proposal and scheduling software would save the community services supervisor significant time that could be better spent on marketing and operations.

Rates

The pricing rubric for the Villa Chanticleer is based on a pricing strategy to break even with expenses. The philosophy behind this rate structure is designed to charge private non-residents a higher fee in order to subsidize local non-profits and residents

Government/Schools

The City Council has decided to offer government and schools a discounted rate for use of the Villa. The Healdsburg School District receives five free days of use per year. The District can and does allocate some of these days to other community agencies. These "free" days are in exchange for City of Healdsburg use of school facilities during the year. Other schools outside the Healdsburg area currently qualify for a discounted rate. Local City and county agencies also rent the Villa at a discounted rate.

Commercial

The rate structure for the Villa provides for resident commercial firms to receive a price discount as opposed to non-resident commercial firms.

Non profits

The rate structure provides for resident non-profits to receive lower rates than non-resident non-profits.

Private parties

The rate structure provides for residents to receive lower rates than non-residents.

The fees charged by the Villa Chanticleer haven't been adjusted since October 1994. All day rental prices are calculated for a ten-hour time period. If the customer wants to serve alcohol at the scheduled event, an additional fee is charged and is payable to the American Legion.

The chart below displays the rates for the rental of the entire Villa for a period of ten hours. Each building at the Villa may be rented by the day or by the hour. This chart reflects the current rates established by the City of Healdsburg in 1994.

Category	Monday-Thursday	Sunday & Friday	Saturday
Gov. / School	\$102	\$205	\$1,137
Resident: Non-Profit	\$256	\$512	\$1,137
Non-Resident: Non-Profit	\$307	\$615	\$1,137
Resident: Private	\$379	\$758	\$1,137
Non-Resident: Private	\$512	\$1,024	\$1,536

- The BBQ area is also rented by the day

Rate Comparison

To determine whether the rate structure of the Villa is competitive, we examined the rate structures of several competing facilities. The Villa Chanticleer's competitors are numerous. Sonoma County has a diversity of facilities, offering a range of options for different types of rooms and services. There are "extras" offered by various competitors, including items such as AV equipment, data projectors, data lines, (T1), specialized personnel for lighting, sound or set up of tables and chairs. The possibilities and options are varied and complicate this project's need to compare the rate of one facility to another.

Rental rates change according to the day of the week and holiday periods. They also can change depending on whether or not a person is a resident of the community, or is a member of a private or non-profit group. The procedures for renting a facility require the person signing the permit and accepting the liability be the resident of that community. There is some unknown amount of revenue that is lost by the Villa, and from other facilities, by a group "finding" a Healdsburg or local resident to sign the rental agreement.

If the event is a commercial one, some of the facility's rate is based on the revenue of the commercial event. The facility rental charge is based on 10% of the gross or the standard rental fee, which ever is greater.

When deciding a place to rent and calculating the costs, there are many "intangibles" for each facility. Therefore, comparing facilities purely on one rate is difficult. Other factors should be considered when comparing the "value" for the renter. Some rooms are new and are designed for use by either business or the community. Others were designed when needs were different, making them more difficult to use for the type of functions now desired by public and private groups and organizations.

Some of the facilities have modern, comfortable furniture, while others have metal folding chairs. Some have acoustically designed rooms with up to date sound and projection systems; others have nothing and renter must provide. Location, parking, ambiance, views, warmth, lodging, on site food and beverage service and on site staff are other factors considered by renters.

The basic amount for the facility's "rental standard" varies widely. Most facility's rental rates are based on an hourly rate with 4-6 hours as the minimum rental and additional hours billed as required. Set-up and cleaning time are generally considered part of the billed hours. Extra time for either activity results in more billed time for the renter. Rehearsals and decorating times are usually not included in the basic rate and are billed extra. Depending on the rates for "extras", the final bill will vary in price.

An important variable that affects the price a renter is charged is whether or not an event technician is required. Some facilities require personnel, but with most places, it depends on the nature and size of the event. If the event is large and requires a complicated or extensive set-up, or if alcohol is served, an "event technician" or technicians are generally required by the facility. The technician assists the smooth functioning of the event by providing immediate service and also ensures the integrity of the facility and safety of all.

Comparing the Villa Chanticleer rental rates with other facilities requires agreeing on some common standards and options. For the purpose of this rate comparison, the fees listed on the charts are based on the following two parameters.

- A gathering of 250 people on a Saturday evening for 6 hours, serving no alcohol and using the kitchen.
- A week day afternoon meeting of 40 to 50 people with no kitchen use and serving no alcohol.

The following two spreadsheets and accompanying charts compare rates for the Villa Chanticleer and its competitors.

Villa Chanticleer

Comparison of Rates

(Based on 6 hour rental for 250 people on a Saturday evening, with kitchen use and no alcohol served.)

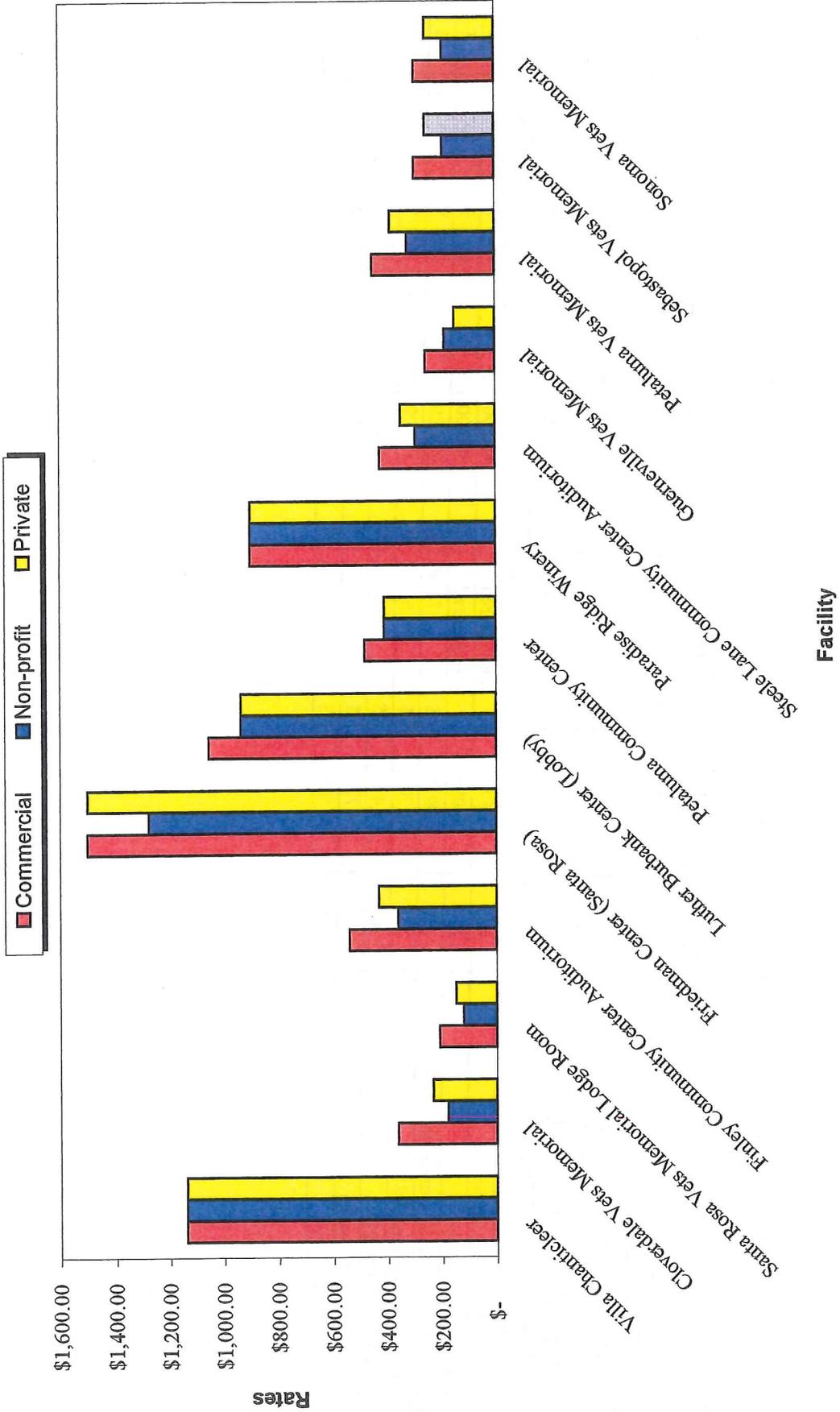
Facility	Capacity	Sq. Ft.	Event Technician	Rates			Notes
				Commercial	Non-profit	Private	
Villa Chanticleer	500	6,000	not required	\$ 1,137.00	\$ 1,137.00	\$ 1,137.00	1, 3
Cloverdale Vets Memorial	336	3,000	\$ 69.30	\$ 363.00	\$ 180.00	\$ 234.00	
Santa Rosa Vets Memorial Lodge Room	440	3,080	\$ 69.30	\$ 210.00	\$ 120.00	\$ 150.00	
Finley Community Center Auditorium	308	4,711	\$ 78.00	\$ 540.00	\$ 360.00	\$ 432.00	2
Friedman Center (Santa Rosa)	900	7,500	\$ 100.00	\$ 1,500.00	\$ 1,275.00	\$ 1,500.00	
Luther Burbank Center (Lobby)	550	6,120	\$ 100.00	\$ 1,055.00	\$ 935.00	\$ 935.00	
Petaluma Community Center	437	4,473	not required	\$ 482.00	\$ 410.00	\$ 410.00	2
Paradise Ridge Winery	250	3,000	not required	\$ 900.00	\$ 900.00	\$ 900.00	3
Steele Lane Community Center Auditorium	350	2,805	\$ 78.00	\$ 425.00	\$ 293.00	\$ 347.00	2
Guerneville Vets Memorial	250	3,700	\$ 69.30	\$ 255.00	\$ 185.00	\$ 150.00	
Petaluma Vets Memorial	900	7,474	\$ 69.30	\$ 450.00	\$ 320.00	\$ 385.00	3
Sebastopol Vets Memorial	550	4,774	\$ 69.30	\$ 295.00	\$ 190.00	\$ 255.00	
Sonoma Vets Memorial	600	5,104	\$ 69.30	\$ 295.00	\$ 190.00	\$ 255.00	

1. This rate is for residents
2. This is a resident rate. Add 25% for non resident rentals.
3. Corkage charged and/or bar rights are restricted in some manner.

Prepared by MJT Associates
July 15, 1997

Villa Chanticleer

Saturday Evening Comparison



Villa Chanticleer

Comparison of Rates

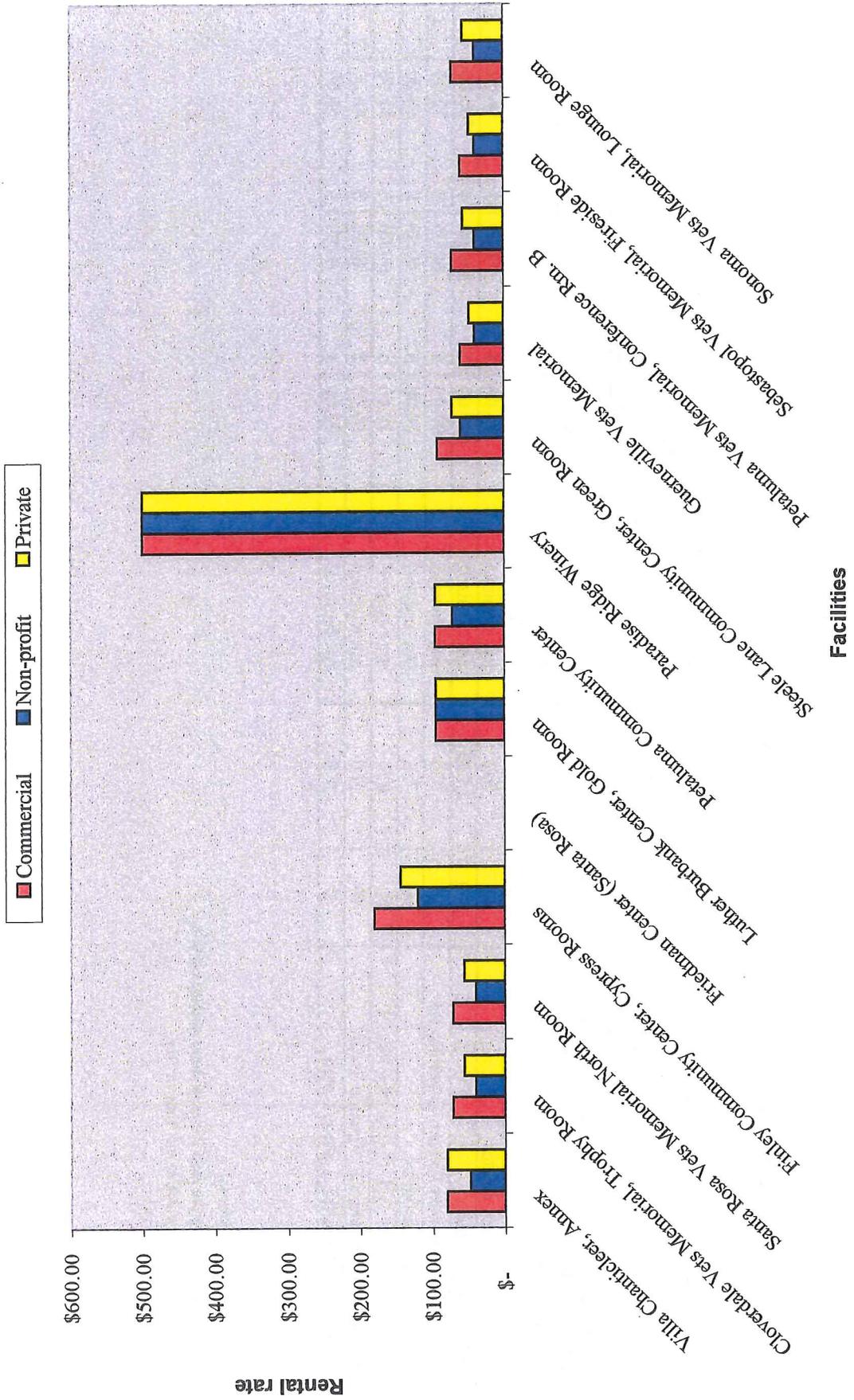
(Based on 4 hour rental for 40 to 50 people on a week day afternoon, with no kitchen use or alcohol served.)

Facility	Capacity	Sq. Ft.	Event Technician	Rates		Notes
				Commercial	Non-profit	
Villa Chanticleer, Annex	150	2,048	not required	\$ 80.00	\$ 48.00	
Cloverdale Vets Memorial, Trophy Room	80	1,008	not required	\$ 72.00	\$ 40.00	1
Santa Rosa Vets Memorial North Room	80	972	not required	\$ 72.00	\$ 40.00	
Finley Community Center, Cypress Rooms	88	1,311	not required	\$ 180.00	\$ 120.00	2
Friedman Center (Santa Rosa)	900	7,500	not required	NA	NA	
Luther Burbank Center, Gold Room	70	1,583	not required	\$ 95.00	\$ 95.00	
Petaluma Community Center	48	702	not required	\$ 96.00	\$ 72.00	2
Paradise Ridge Winery	100	2,000	not required	\$ 500.00	\$ 500.00	
Steele Lane Community Center, Green Room	60	756	not required	\$ 92.00	\$ 60.00	2
Guerneville Vets Memorial	60	713	not required	\$ 60.00	\$ 40.00	
Petaluma Vets Memorial, Conference Rm. B	80	850	not required	\$ 72.00	\$ 40.00	
Sebastopol Vets Memorial, Fireside Room	50	560	not required	\$ 60.00	\$ 40.00	
Sonoma Vets Memorial, Lounge Room	85	990	not required	\$ 72.00	\$ 40.00	

1. This rate is for residents
2. This is a resident rate. Add 25% for non resident rentals.
3. This is a flat fee for use at any time or day.

Prepared by MJT Associates
July 16, 1997

Villa Chanticleer
Day Use Comparison



Analysis

The comparison charts show the Villa Chanticleer is currently the second most expensive facility for a Saturday evening activity. Despite the cost the booking rate on Saturday evening for the Villa is virtually 100%. The majority of these events are private parties, specifically weddings. From interviews of the community and surveys of business and past renters, it is clear the Villa is a desirable place for a large wedding or a party because of its setting, view, and ambiance. Three of the four highest rents shown on the chart are for facilities privately owned and operated and receive no public subsidy.

This comparison demonstrates that the rates the Villa charges for daytime meetings in the "Annex" is competitive with the other facilities. The rates listed are for rooms of similar size and which are available at the different locations. Once again, one should be aware there is a large variation of rates, and some rooms might be slightly too large or too small for a meeting of 40 to 50 people, the standard used for this comparison.

Recommendations

1. The Villa's rate structure should be based on a six-hour rental period. Most facilities in Sonoma County charge based on a six-hour block and charge an extra hourly fee for long events. With a six-hour rental period, the Villa would be able to double book key days if the *scheduling works for all parties*. This fee may be waived for activities that benefit the local community. If a fee waiver is desired, a rubric needs to be created that outlines what activities qualify for a waiver.
2. The Villa Chanticleer's rate structure should be targeted to make a profit. The break-even algorithm currently used to determine the rate structure should be increased to reflect a modest profit. Given the Villa Chanticleer's importance to non-profit organizations, it is imperative to keep the rates low. Most people interviewed expressed this same concern.
3. Non-residents who rent the Villa should continue to be charged a higher rate.
4. The Villa Chanticleer should charge caterers 5% of their total sale at non-resident events. Most event facilities charge caterers a user fee, usually 5% of the total sale. The Villa Chanticleer currently lets professional caterers use the facility for a flat kitchen use fee of \$25.
5. The community is confused by the current rate structure. However, a flexible rate structure is needed to help keep prices down for community events. In the face of this *Catch 22*, the rate structure for the Villa Chanticleer should be printed on separate forms. The event scheduler, after asking a few key questions, can then give the simplified rate form to the customer, thus eliminating any confusion and reducing the likelihood for abuse.

Finances

The operations of the Villa are financed through an Enterprise fund. As such, revenues and expenses for the Villa are charged solely to this fund and recorded separately from other city funds. According to the Government Accounting Standards Board, an Enterprise fund must be used for any city owned enterprise where the majority of revenues are derived from service charges to its customers. The Villa has operated as an Enterprise fund for the past 8 years. Such fund accounting enables the City of Healdsburg to operate the Villa as a business enterprise that has the potential to generate enough revenue to avoid being subsidized from the city's general fund.

The Villa's main source of revenue is the rent charged for use of the facility. The rent is broken down according to the various buildings rented at the Villa. These include the main building, the Annex, the barbecue, and other rent. In addition, the Villa receives revenue from the American Legion for the right of first refusal to cater the Villa bar during any event in which a renting group requests the serving of alcohol. The Legion pays 15% of the gross receipts from each event they cater for this right. The Villa also charges a \$250.00 fee for any organization that chooses to provide alcohol for its event at no charge to its guests. Other revenue received by the Villa includes money allocated by the City Council to pay for community groups to use the Villa free of charge. The City Council reimburses the rent for these events. Five of these free events are given to the Healdsburg High School for various functions, and the remaining are given to various non-profit organizations each year. This revenue is recorded as "Facility in Lieu" revenue and transferred from the general fund to the Villa Enterprise fund each year.

The Finance department does all of the accounting for the Villa including generating financial statements. Revenues and expenses for the Villa, although finally collected and dispersed through the Finance department, originate with the Community Services department. Rental fees are first received by the Community Services staff and then sent to the Finance department and recorded. A receipt for the deposited fees is sent back to the Community Services department and kept in a log.

Expenses for the Villa receive pre-approval through a purchase order process. Invoices are then approved by the director of Community Services department and sent to the Finance department for payment. In addition, maintenance staff have procurement cards that are used for routine expenses purchased from commonly used vendors. These cards have dollar limits attached to their use. The Community Services director also approves expenses incurred through the use of procurement cards.

The money received from the American Legion for the bar services are controlled through the Community Services department. The American Legion, according to their 20-year contract from 1983, pays the Villa 15% of gross receipts from the sale of liquor. The Legion also reimburses the city 5% of gross receipts each month as a payment for

upgrading the bar equipment in 1993.³ The Legion fills out a monthly report outlining the gross receipts received from the events from which they provided the bar services for that month.

This report, provided by the Community Services department, shows the 15% fee that the Legion pays to the city. These reports are completed at the end of each month by the Legion and sent to the Community Services department, along with the check for the 15% fee and the 5% reimbursement for the bar equipment. There is no annual report filed with the city by the American Legion detailing their operations.

The American Legion maintains its own accounting system for keeping track of revenues and expenses for catering the bar. At the end of each event no less than two bar tenders count the money received and record the gross receipts on a form designed by the Legion. As a rule, pricing and operations of the bar are modeled after local restaurants and taverns. However, no cash register is operated at the bar to speed up the process for serving large groups.

A local accountant maintains the Legion's financial records. The Legion is in the process of securing an accountant to perform a certified audit of its finances. We were unable to obtain copies of their financial statements or sales tax reports for this study.

The Villa has operated at a loss for the past several years. Each year that the Villa has lost money, the deficit is offset from the general fund. The Villa is charged 8% interest for this deficit. This year the city council has decided not to charge the Villa for interest when the deficits in the Villa fund is subsidized from the general fund.

Analysis:

The procedures for receiving rents and other revenues for the Villa have been effective, yet cumbersome. Revenues are handled twice. The Community Services department has no documentation of the procedures for receiving and recording revenue. Such undocumented informal procedures are not recommended for effective internal control. On the other hand, the procedures for approving, recording, and reporting expenses are clearly understood and well documented.

The necessary supplies and equipment for the Villa are purchased in a timely manner, and invoices are paid promptly.

The building depreciation has been a source of controversy in terms of whether the Villa should be charged for this expense. It is considered by some to be a "paper" loss. If the Villa were not charged for depreciation of the buildings, the loss shown each year would be much less. Without depreciation, the Villa would operate very close to and above the breakeven point. Interviews with city staff indicate most desire the Villa be managed as a

³ When the Villa was remodeled in 1993, the city paid to have the bar equipment upgraded and agreed to have the Legion pay the city 5% of gross receipts each month until the total cost of upgrading the bar is repaid.

“business.” Businesses are required to depreciate all capital assets and thus would depreciate a building, such as the Villa, which generates revenue.

A recent article (Sunday, July 6, 1997) in the *Press Democrat* on the operation of the Burbank Cultural Arts Center, demonstrates the difficulty of funding the operation of a large cultural arts/community services facility. Despite its high profile and excellent location, forms filed with the internal revenue service show the following figures for the Burbank Center. “These figures include \$200,000 to \$330,000 that the center must subtract each year from its income to reflect depreciation, or the declining value of its buildings and property.”

1989	1990	1991	1992	1993	1994	1995	1996
-\$109,964	218,000	-\$216,168	-\$249,478	-\$338,565	-\$225,453	-\$321,939	-\$223,520

The article quoted a 1995 study by Mathew O’Grady of ten performing arts centers from San Jose to Santa Rosa. In his study only two are private non-profit organizations. The other eight receive subsidies from government organizations. O’Grady’s study concludes “regardless of whether or not a center is public or private, it needs an ongoing subsidy to help pay for basic maintenance, repairs and renovations.”

Last year the Burbank Center generated revenue of \$64,015 which is more than was spent on day-to-day operations, but with \$100,000 spent on deferred maintenance, long term debt, and capital equipment obligations and with a depreciation of \$366,347, a net loss resulted.

The bar service provided by the American Legion was commended by past renters as professional and courteous. The efforts made by the Legion to monitor the drinking at Villa events have also been commended by past renters. However, the record keeping and reporting of the American Legion’s operation of the bar has been questioned by some community members as to its accuracy. Currently, there is no apparent method used to document each drink sold and to keep a running tally of the receipts for each event. We were also unable to identify any inventory control procedures. While the Legion has made considerable efforts in the past few years to have their bartenders professionally trained, such professional standards are not maintained with respect to financial records and reporting.

Recommendation:

The Community Services staff should turn over all collections of rents, fees and deposits to the finance department. The Community Service Department staff completes the contract with the renter and then sends a copy to the finance department which manages the billing and collections process. This procedure would vest the responsibility with the appropriate department in city government and free the Community Services Department of this time-consuming responsibility.

The decision to charge the Villa for depreciation is one that the city council must make. If the city or community is concerned with the Villa not being subsidized by the general fund,

then future costs of remodeling the Villa must be paid from the Villa Enterprise fund. Our recommendation is the city continue to charge depreciation of the Villa so that the community realizes the full cost of operating the Villa and can decide whether to subsidize this enterprise or not. Major changes or renovations to the Villa should be a decision by the community after all factors and needs of the community have been discussed.

The city should encourage the American Legion to adopt private sector internal control and financial practices that will reconcile sales and inventory. Specifically, the city should require that the American Legion use cash registers to summarize receipts and provide inventory control information. The city should further require that the Legion turn in the register tape with its monthly reports. The Legion should generate monthly reports that detail costs as well as revenues associated with each event. Finally, the Legion should provide the city with a annual report of its operations.

Current Marketing

Advertisements are run in a variety of publications catering to weddings, private receptions, parties, social gatherings, fundraising, large and small business meetings, events and conferences. Examples of publications where the Villa is advertised include the following:

- Bridal Magazines
- Event Catalogs throughout the Bay Area
- Local Business Journals
- Northern California Wedding
- All Chambers in Sonoma County
- Redwood Empire Association
- Sonoma County Visitors Bureau
- Russian River Region Visitors and tourist Bureau.

Brochures and flyers are prepared describing the features of the Villa and distributed throughout the community. Promotional Booths are rented where brochures are distributed at many local tourist and trade shows.

Analysis

The bulk of the Villa Chanticleer advertising budget is spent on soliciting wedding business. Regardless of these advertising efforts, the primary medium through which renters choose to investigate the Villa is through word-of-mouth. Repeat renters account for a large portion of the Villa's use.

Other than advertising, sending out literature, and showing the Villa to renters, marketing is limited. Very little proactive measures are taken to draw events or businesses to the Villa. Current staff is not adequate enough to do more than advertise, provide tours and schedule the Villa. The responsibilities of marketing the Villa are rest with the Community Services Supervisor. In addition, this person is responsible for the management of the facility.

Current Villa Chanticleer Usage

The Villa Chanticleer is used by a wide variety of people and organizations throughout the year. These range from local citizens who want to rent the Villa for a wedding to large corporations who rent the Villa for meetings and annual parties. Non-profit organizations are heavy users of the Villa and use it primarily as a fund raising facility because of its size and history in the community.

Days

The Villa Chanticleer's heaviest usage occurs on the weekends. Friday through Sunday usage accounts for 66% of all Villa usage. Friday and Saturday account for 52% of the total usage, while Saturday accounts for 31% of all Villa usage. Saturday is the largest revenue generating day. Saturdays bring in 59% of all Villa revenue. Sundays and Fridays bring in the next largest revenues with 18% and 14% respectively. Monday through Thursday only bring in 9% of all Villa revenue. For more information please see charts A & B below

Villa Chanticleer
1996 Usage by Day

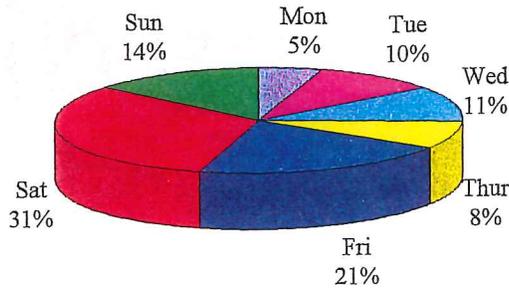


Chart A

Villa Chanticleer
1996 Revenue by Day

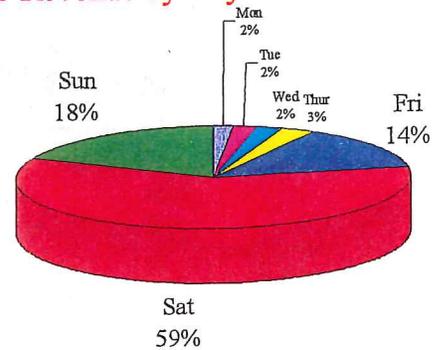


Chart B

Events

Weddings are by far the most popular usage for the Villa Chanticleer, accounting for 27% of all business (Chart C). Meetings make up the next most popular events for the facility, accounting for approximately 14% of all business. Dinners and parties make up the next two largest categories of renters with 14% and 12% respectively. Wedding business is the largest revenue source for the Villa, accounting for 57% of all revenues (Chart D).

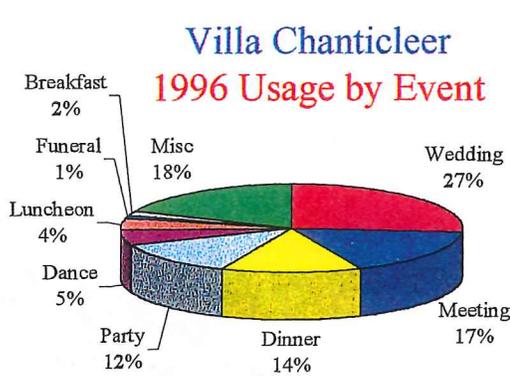


Chart C

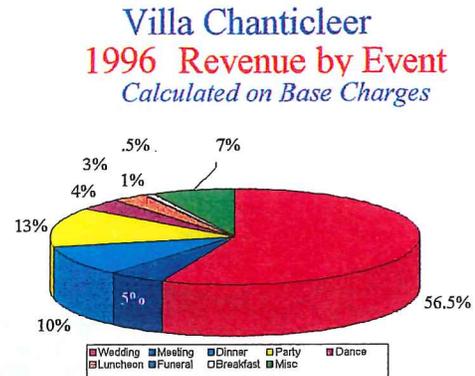


Chart D

Analysis

It's very clear that weddings held on Saturdays are the biggest revenue generating events for the Villa Chanticleer. Weddings are often out of town people who receive no discount and pay the full price for the facility. While meetings make up 17% of all Villa usage they only account for 5% of total revenue. This is because meetings are often held on weekdays when the rates are very low. Most meetings are also held in the Villa Annex, which is considerably cheaper than renting the main building.

An analysis of the Villa usage suggests that growth can be accommodated during midweek. This can encompass several types of uses: special events (community seminars or classes), business meetings, evening parties and evening classes or community events. Many city officials and staff have indicated that they want to pursue the business meeting market more aggressively to fill the midweek void.

Services Requested by Businesses

<i>Services</i>	<i>Requested</i>	<i>Villa</i>
Catering	90%	Yes
Bar	0%	Yes
Kitchen Facilities	50%	Yes
Sound System	82%	No
Modem Ports	30%	No
Computers	44%	No
AV Equipment	78%	No
Darken Room	75%	No
Band	0%	No
Small Conference Rooms	86%	No
Large Conference Rooms	68%	Yes
Picnic Area	38%	Yes
Restaurant on Site	32%	No
Close to Downtown	10%	No
Remote Location	46%	Yes
Staff on Site	20%	Yes?
Comfortable Seating	88%	No
Pleasant Setting	22%	Yes

The chart above describes the data collected in a survey of businesses in Sonoma County and their meeting and conference needs. From the chart the top five requested items are catering, sound system, small conference rooms, comfortable seating and AV equipment. Other related items include adjustable lighting and draperies. The Villa Chanticleer does not provide five of the seven items listed. In order to attract the weekday business market the Villa must provide these services.

There is a great deal of competition for off-site business meetings. In today's highly competitive business environment companies are holding fewer off-site meetings. Many businesses have their own facilities and thus do not seek facilities for off-site meetings. However, several of the businesses surveyed did mention that they didn't know the Villa was available for off-site or small meetings. Therefore, we believe that, with considerable effort and expense, the Villa could attract a limited portion of the business meeting market.

Conference and Convention Center Conversion

Many people in city government that we interviewed voiced the opinion that the Villa Chanticleer has the potential to be a business convention and meeting center. MJT conducted interviews of businesses in Sonoma County to determine if the Villa would conform to their expectations of the rental facility for a business meeting or small convention. To determine the costs associated with converting the Villa, we hired a licensed architect. We asked him to provide an approximate cost estimate to retrofit the Villa so that it could provide the specific services and meet the environments that

businesses said they require in a conference facility. The following chart outlines all of the potential facility modifications and there approximate costs for the renovation.

Villa Chanticleer
Conference and Convention Center Conversion
Approximate Costs for Renovation Work

Disclaimer: The costs noted for proposed work are determined solely from visual observation of the facility and are done without the benefit of construction documents, either existing or new. They are intended as an approximate guide for costs anticipated for future work and are not necessarily all-inclusive of all work that may be required to complete the facility to its

Item	Quantity	Unit	Cost		Comment
			Per Unit	Cost	
Add one sound proof divider per existing assembly room	2	ea.	31,000	62,000	
Renovate HVAC system to accommodate split zones	5600	sf	14	78,400	
Additional exiting required with room division	2	ea.	1,000	2,000	Division of existing assembly rooms will require additional exiting to comply with code requirements. Additional exiting will be required for each additional room division.
Add exterior exitways	1000	sf	75	75,000	Additional exiting from the east assembly room will require an exterior exitway to meet code requirements for exiting.
Audio-Visual retrofit	1	ls	20,000	20,000	
Data retrofit	1	ls	40,000	40,000	
Additional phone services	1	ls	10,000	10,000	
Power upgrades	1	ls	10,000	10,000	
Lighting upgrades	5600	sf	3	16,800	
Drapery, light control	300	lf	40	12,000	
Acoustic treatments and tackable surfaces	5000	sf	2	10,000	Existing hard room surfaces require mitigation to attenuate sound progation
Activity display case	1	ea.	1,000	1,000	
Accessibility upgrades	1	ls	5,000	5,000	
Subtotal				<u>\$342,200</u>	
Contingency			20%	\$68,440	
Subtotal				<u>\$410,640</u>	
Soft Costs (Architectural consultant, permit fees, etc.)			20%	\$82,128	
Total				<u>\$492,768</u>	

The sound proof dividers are needed to reduce the size of the rooms to accommodate a meeting of less than 100 people. The existing meeting rooms at the site are inadequate because of their location, age, lack of desired amenities and flexibility. If sound proof dividers were installed in the main building, current code requirements call for two exits, thus the need for a deck and exit doors for the north side of the Villa. The rooms would also require modification of the heating and air conditioning system for the split rooms. Existing hard surfaces in the rooms will require mitigation to attenuate sound problems, perhaps with a removable rug.

The rooms need to be darkened to allow the use of data, video and overhead projectors, thus the need for drapery. This AV equipment would also have to be purchased and maintained by the Villa. Other items such a display case, tackable surfaces, lighting upgrades, repairing dangerous walk ways and upgrading one of the public restrooms to meet ADA requirements were addressed.

This estimate did not include the comments of businesses for "professional" quality tables and chairs, event coordinators and food and beverage, (water, coffee, etc.) service for their meetings.

Businesses have made it clear that when they have to pay for the use of a meeting room other than ones at their place of business, there must be a clear benefit and difference in sites to justify the time and expense. They want to concentrate on the business of the day and not worry about finding a phone, darkening the rooms or finding a place to post a chart. They want comfortable furniture in which to listen, learn and work.

Performing all or some of these conversion items will change the feeling or ambiance of the Villa, perhaps to the detriment of other uses. Some of the current rental uses may be enhanced by these conversions. The high cost of some or all of these conversion items makes it very difficult to recover their initial cost through the anticipation of increased revenue from increased usage. Our analysis of the current market place shows that it may not support large increases in meeting rentals at any of the current facilities.

Recommendations for improving the operation, management and marketing of the Villa Chanticleer:

We suggest that the City of Healdsburg begin a long-term program to upgrade the facility to help attract new business bookings and retain the current share of the wedding and party market. A long-term plan for the acquisition of these items should be identified and funding sources developed or identified. It is important the City pay attention to this concept. The continued use of the Villa by the community must be enhanced and sustained. The Villa is a source of pride for the community and only through continued efforts to keep it modern and functional will it remain so. This long-term plan will allow the Villa Chanticleer to remain an integral and useful part of the community of Healdsburg for many years to come.

The following items are the major recommendations of our report. They are not listed by order of importance. Each recommendation will require the approval from the proper City staff or Council. Each will need to have a plan developed to refine the times and activities necessary to accomplish each goal. Many will fit with other goals and objectives of other community groups and therefore should well publicized to share limited resources and time.

1. The City of Healdsburg should pursue the development of an interactive Web site. The explosion of the Internet has created a new marketing tool. The Villa will get more exposure and may receive some additional bookings from an interactive

World Wide Web site that shows the facility, has a calendar of available dates and provides a means to get more information and/or complete forms on-line. This would provide a market presence in geographical areas not normally reached by current efforts.

2. The Community Services Supervisor position should be restructured to provide more time to focus solely on marketing efforts and operations of the Villa Chanticleer. This position currently has less than 50% of it directly allocated to the Villa. Increased marketing efforts, event planning and coordination and management of the anticipated increase in the number of events will require a significant increase in the amount of time this position must spend on the Villa. Despite limited City resources, increased staff time must be found to allow the development of a focused market plan, time to execute the plan and time to manage and coordinate the increased number of events. Most other facilities the Villa is competing for business with have one or more staff positions with time specifically allocated to perform these functions.
3. Increase the number of personal contacts to businesses: The Community Services supervisor should make personal contact with businesses throughout Sonoma County to raise their awareness of the Villa as a potential meeting or seminar facility. These could take place by "cold calls" or more effectively by providing time for staff to attend local business events and conferences. Several of the local businesses we contacted were unaware of the Villa as a potential site for meetings or seminars.
4. Develop a system of discount packages for businesses booking more than one event: Staff should develop and advertise a program for businesses or groups renting the facility frequently. If the facility is rented for nine or more times per year, they should receive a 25% discount on all of their weekday rentals for that year. Most other facilities offer a similar program for frequent users.
5. Coordinate Villa special events with other local groups and agencies and participate in some of the existing community events: Many fairs, tournaments and activities in the Healdsburg region draw people to the community. There is an opportunity to tie a related function, such as a dinner, wine tasting or lecture to the main activity and hold it at the Villa. These can be seasonal or related to the many and varies activities in the Russian River wine region. For example, the Villa could coordinate with the golf course to provide facilities for an awards dinner and social after a golf tournament.
6. Develop a wine and food symposium with local wineries, restaurants and caterers. A wine and food series could be developed with local wineries and food providers, centering on a theme lunch or dinner at each Villa event. Ideally, these would be held in the day, so the Villa can be booked for other evening events. The basic theme would be to feature Sonoma County products. This event would educate

the participants on how to select the appropriate wine to compliment their food. This event will feature local chefs and wines.

7. Development of the following special events:
 - Microbrewery and sausage festival with an Octoberfest atmosphere.
 - Monthly community dances
 - Steelhead fish festival in coordination with Lake Sonoma fish hatchery
 - Car mart one Saturday morning a month.
 - Villa fundraising festival "Wisteria Festival". (The money raised would go directly into the Villa's enterprise fund to be used for marketing and capital improvement.)
 - Old fashion style Christmas crafts fair.
 - Co-sponsor an athletic event that begins and concludes at the Villa. Tables could be sold to businesses selling goods related to the event, (i.e. a running event would have sports drinks, shoe sales and clothing booths). An awards dinner/wine tasting/beer tasting at the Villa when the event is concluded.
8. Coordinate activities with the tourist train and wine tour companies (i.e. Gray Line). Special breakfasts or lunches or wine/beer tasting can be held at the Villa for people traveling or touring on a fixed schedule. This provides a break in their travel to rest and enjoy the Villa grounds. This event should be partially sponsored by the participating travel agencies, tour companies, wineries, brewers or caterers.
9. The Villa should install a display case in the Lobby. This display could showcase a restaurant or winery or other local information. The possibility of charging for this advertising space might produce some revenue. A space to display informational brochures on renting the Villa and other city information should also be created. Perhaps a board or display, (created by the local museum), with the history of the Villa could be done. Visitors to the Villa would then have rental and other information readily available to take for future reference.
10. Develop a set of different brochures to target a specific industry and, if possible, a video designed to attract businesses to the Villa. The Villa's current brochures are generally designed for wedding and party use. A new series of brochure should be developed to address the specific needs of a particular kind of business. These new brochures should be targeted mailed out to all regional businesses, business leaders, or to industry specific conferences.
11. Have a series of luncheons for regional business leaders twice a year that is co-sponsored by caterers and local wineries. This free lunch for businesses would showcase the Villa and other local establishments, demonstrating how they can use them in their business endeavors. This will increase the Villa's exposure, provide a direct means of marketing and bring future new business.

12. Co-sponsor a speaker series on new ideas and trends in business with the Chamber of Commerce or other local business agencies or groups: We envision this series of lectures and demonstrations of programs important to businesses as a breakfast speaker series. Once a month, tickets could be sold to this event, which would include a breakfast and the program before the workday begins.

13. Begin discussions with local educational institutions regarding their services to the community of Healdsburg: The educational needs of the community and the needs of local colleges and other public and private schools should be researched to determine if use of the Villa can be a part of their development. This may necessitate the installation of a modern infra-structure and/or lab at the Villa. It has been our firm's experience that the educational institution may fund the technology and other equipment for the project in exchange for use of a facility. The hours this lab is not used by the educational institution can be made available to community groups.

Major concerns or problem areas:

- **Parking:** The Villa has 152 parking places available. Large events have many more vehicles than parking spaces. Completion of the public park area, moving the BBQ area and the future establishment of a Fitch Mountain trailhead at the Villa will only serve to make the parking problem more difficult.
- **Transportation:** Currently the Villa is not served by any form of public transportation. Combined with the small number of parking places, this severely limits the size of events
- **Location:** The Villa is located several miles from the freeway, through residential neighborhoods and up a winding road. This makes its location less than desirable for groups, public or private, to travel to the facility.
- **Decorations:** The lack of places to display information or decorate the facility is very limited due the restrictions in place to protect the walls.

Major Recommendations

If the City Council decides that it wants to actively pursue the business meeting/conference market and go ahead with many of the major design improvements, we believe the following is critical to the success of that strategy.

We acknowledge that the current staff is extremely busy and has other duties to perform not related to the Villa Chanticleer. This is one of the factors that have contributed to communication problems internally and in the community regarding the Villa. In order to alleviate these problems, we recommend that one person be designated to focus on managing and marketing the Villa on a full-time basis. This person would take over the responsibilities of the current Community Services Supervisor, where they relate to the Villa Chanticleer. This person should be located on-site, in one of the Villa meeting rooms converted to office space, to facilitate the performance of their job. This will allow the maintenance custodian's hours to be adjusted to begin later in the day thus serving customers more efficiently and save money on salaries.

We suggest that the City of Healdsburg begin a long-term program to upgrade the facility to help attract new business bookings and retain the current share of the wedding and party market. A long-term plan for the acquisition of these items should be identified and funding sources developed or identified. It is important the City pay attention to this concept. The continued use of the Villa by the community must be enhanced and sustained. The Villa is a source of pride for the community and only through continued efforts to keep it modern and functional will it remain so. This long-term plan will allow the Villa Chanticleer to remain an integral and useful part of the community of Healdsburg for many years to come.

We realize these recommendations involve significant capital investments. Should the City Council wish to pursue the business meeting market with limited capital expenses we suggest the follow order for acquisition of capital improvements.

1. Drapes to darken rooms. This is an absolute necessity for audiovisual presentations done by businesses. A secondary benefit of this improvement will be to mitigate sound problems. This also will improve the ambiance of the rooms for existing weddings and parties.
2. Comfortable chairs. Several businesses indicated that these are necessary for meetings lasting more than an hour. According to interviews with Villa staff, these would enhance the experience of current wedding clients.
3. State-of-the-art sound audiovisual and sound system. Businesses need such equipment to conduct normal meeting functions.

We believe that each of these items should be completed before the Villa can expect to attract a significant portion of the business meeting market. All these items will also benefit community groups using the Villa for fund raising and social functions.

Final Reflections

- The Villa is an excellent community resource and social gathering facility. Its value to non-profit organizations and community groups cannot be measured in dollars and cents.
- Our research has shown a major investment in the infa-structure to increase weekday business will not generate a sufficient return to justify the cost.
- The City of Healdsburg must understand the value of the Villa to the community and understand a small deficit is a reasonable price to pay for such an important resource.
- The Villa generates revenue indirectly for the City through the sale of food, beverage and the rental of hotel rooms for people attending functions at the Villa. This amount is difficult to quantify, but our estimates indicate it probably exceeds the deficit. This income cannot be considered when calculating the revenue and expense sheets, but should be considered in its value to the people of Healdsburg is measured.

Appendix

Appendix A

- A. The following City of Healdsburg staff have been interviewed:
City Council:

Carla Howell, Mayor
Cathy Harvey, Vice Mayor
Mark Gleason
Kent Mitchell
Eric Ziedrich

City Staff: Neil Smart, Community Service Director
Lori Moore
Kurt Hahn, Finance Director
Chet Wysteppek, City Manager
Carol Strouse

Recreation and Parks Commission:
Jim Orsley, Chairperson
Richard Bugarske
Stewart Fox
Becky Kirkpatrick
Robin Opperman

Planning Commission:
Ken Munson
Christine Hall

Community:
Lynn Woznicki, Chairperson, Chamber of
Commerce
American Legion Executive Board
Randi Middleton, Oui Cater
John Holt, Plaza Hotel
Aaron Krug, Dry Creek Inn
President, Garden Club
Glenn Keith, Boys and Girls Club
Martha Ibara, CASA
Manual Macias, Maintenance Worker
David Bradwell, Bradwell & Associates

Appendix B
Interview Form

1. What are the benefits of the Villa to the community of Healdsburg as a community recreational facility and as a convention facility?
2. What plans exist for other community facilities?
3. What marketing plans, activities or approaches have been used in the past and how effective were they?
4. What marketing plans have been considered, but not used and why?
5. Are you aware of any current plans to adjust the rate structure by any of the stakeholders?
6. What improvements to the facility are needed or you suggest?
7. Looking ahead, how will changes in the size and complexity of the community affect the operation of the Villa?
8. Is there a convention center or large hotel with meeting rooms in the general plan or otherwise planned for Healdsburg?
9. What is the "Non profit corporation board" (inactive)?
10. What is your role in operating the Villa?
11. What changes, if any, would you make to improve how the Villa is marketed

Appendix B (Cont.)

12. Who else at City Hall helps affects the operation the Villa and does each of he following departments support or complicate operations?

Maintenance

Police/security

Public Health

Fire department

Visitor's and Convention Bureau

Recreation and Parks Commission

City Manager's Office

Finance

13. What is your opinion on how the Villa is currently run?

14. Who are the "unknown" influential people in Healdsburg?

15. In your opinion, what is the reason this study was commissioned?

What other things should we know about the Villa, how it is currently run and how it should be used in the future

What is the community's perception of the role the Villa should play for their community?

Who else should we interview for this project?

Is there anything else you would like to tell us about the operation of the Villa?

Appendix C

Letter given to the people we interviewed

MJT Associates has been engaged to analyze and make recommendations regarding the operation, function and market potential of the Villa Chanticleer. To complete our work, it is vital we ask many questions of the people who currently are involved with the Villa.

MJT Associates recognizes the valuable contributions of the current staff and understands any future success will depend on their talents and expertise. We are not attempting to find fault, rather to locate areas of strength and vitality.

All information given to us will remain in strictest confidence. No people will be quoted or sources used in the final report, however there will be a list of all people interviewed for this process.

We request you provide us with honest and objective responses to our questions. We trust your professionalism will help the City of Healdsburg keep the Villa a unique and treasured community asset.

Appendix D

Competitors

Healdsburg area: winery meeting rooms and facilities
high school auditorium and meeting rooms
golf course meeting room
new hotel (next year)
This list was generated from the Healdsburg Chamber of Commerce literature.

Sonoma County: Friedman Center
Petaluma Community Center
Finley Community Center
Steele Lane Community Center
Veterans Memorial Halls, Santa Rosa, Petaluma and Sebastopol
Many local churches and other religious facilities
Many local business with meeting rooms, e.g. Hewlett Packard,
OCLI, etc.
Several local golf courses and country clubs
Many local large hotels and restaurants with varying prices &
options
Paradise Ridge Winery and other local wineries

Sonoma County has a large number of facilities that can fill a similar role as the Villa Chanticleer. There is a variety in meeting rooms available for rent. All large firms such as Hewlett Packard, OCLI, State Farm, Exchange Bank, Kaiser and many wineries have on-site rooms, events staff and facilities.

