



Item No 5a. Town of Atherton

PARK AND RECREATION COMMITTEE – REGULAR AGENDA

TO: PARKS AND RECREATION COMMITTEE

FROM: ALEX KEH AND TAYLOR HENKEL

THROUGH: SALLY BENTZ, PARK MANAGER

DATE: APRIL 6TH, 2022

SUBJECT: HOLBROOK PALMER PARK VENUE RENTAL PRICE UPDATE

RECOMMENDATION

The Committee can discuss and amend the proposal. It may vote to approve a Holbrook-Palmer Park (HPP) rental venue pricing and policy recommendation to Atherton town council.

BACKGROUND

Last year, the Atherton Park and Recreation Committee reviewed HPP’s rental venue pricing. The committee thought the price list had opportunities for improving marketability, client flexibility, clarity, and add missing information.

The committee selected updating rental venue pricing as a prioritized FY22 project. A subcommittee was created to evaluate the current policy, propose pricing and policy improvements, and review them with the committee, park manager, and Catered Too.

The subcommittee’s scope focuses on improving rental policy efficiencies and clarity, including a framework to maintain that standard as conditions change in the future. Only minor prices changes are being proposed to further that goal. Major price changes require balancing revenue, margin, and facility utilization priorities that Atherton Town Council is best suited to provide direction on.

Here is the current HPP venue price list:

Jennings Pavilion

Days	Cost
Monday through Thursday 4 Hours (until 4 p.m.)	\$956 plus Administration Fee
Monday through Thursday 4 plus Hours (until 4 p.m.)	\$1,434 plus Administration Fee
Monday through Thursday Evening (4 p.m.-12 a.m.)	\$1,434 plus Administration Fee
Friday (until 4 p.m.)	\$1,793 plus Administration Fee
Friday (4 p.m.-12 a.m.)	\$4,780 plus Administration Fee
Saturday and Sunday 4 Hours (until 4 p.m.)	\$2,689 plus Administration Fee
Saturday and Sunday 4 plus Hours (until 4 p.m.)	\$4,780 plus Administration Fee
Saturday and Sunday Evening (after 4 p.m.)	\$4,780 plus Administration Fee

Carriage House

Days	Cost
Monday through Thursday up to 4 Hours (until 4 p.m.)	\$478 plus Administration Fee
Monday through Thursday up to 4 Hours (until 4 p.m.) (over 100 people)	\$956 plus Administration Fee
Monday through Thursday 4 plus Hours (until 4 pm)	\$837 plus Administration Fee
Monday through Thursday 4 plus Hours (until 4 pm) (over 100 people)	\$1,315 plus Administration Fee
Monday through Thursday (5 pm to Midnight)	\$837 plus Administration Fee
Friday, Saturday, & Sunday Evenings (5 pm to Midnight)	\$837 plus Administration Fee
Friday, Saturday, & Sunday up to 4 Hours (until 4 p.m.)	\$478 plus Administration Fee
Friday, Saturday, & Sunday up to 4 Hours (until 4 p.m.) (over 100 people)	\$956 plus Administration Fee
Friday, Saturday, & Sunday 4 plus Hours (until 4 p.m.)	\$837 plus Administration Fee
Friday, Saturday, & Sunday 4 plus Hours (until 4 p.m.) (over 100 people)	\$1,315 plus Administration Fee

Main House

Days	Cost
Monday through Thursday up to 4 Hours (until 4 p.m.)	\$478 plus Administration Fee
Monday through Thursday 4 plus Hours (until 4 p.m.)	\$837 plus Administration Fee
Monday through Thursday Evening (4 p.m.-12 a.m.)	\$837 plus Administration Fee
Friday (8 a.m.-12 a.m.)	\$837 plus Administration Fee
Saturday and Sunday (8 a.m.-12 a.m.)	\$1793 plus Administration Fee
Saturday and Sunday Hourly Rate	\$299 per hour plus Administration Fee (2 hours minimum)

Day Use Fee

Groups	Cost
Groups 1-12	Free
Groups 13 - 25	\$90 - Atherton Residents \$120 Non-Atherton Resident
Groups 26 - 50	\$180 Atherton Residents \$239 Non-Atherton Resident
Penalty for failure to obtain Day Use Permit	\$120

The subcommittee identified the following issues in the current rental policy:

- **Numerous pricing time slots/categories are complicated for potential clients to understand.** For example: Carriage house has 10 time band price slots, Jennings Pavilion has 8 price slots, and Main house has 6 price slots.
- **The current indoor venue price list requires reading the fine print to calculate the final price.** Clients must calculate the final price themselves instead of being presented with a straightforward price or pricing mechanism. The client finds the list price and then multiplies by 15% (resident) or 30% (non-resident) for the final cost.
- **Prices rarely end in “9” or “0”.** Consumers associate prices ending in “9” as good values. Prices ending in “0” are associated with higher quality. The current prices are a result of a [2019 master fee schedule adjustment](#) that added a flat 19.5% increase to all town fees, which resulted in today’s prices that end with various digits.
- **Flat price bands are inflexible.** For example, day event rental clean up cannot not go past 4 PM and evening event setup should not start before 4 PM. Venues are not competitively priced for shorter events.
- **Prices can remain static for years.** Any pricing update requires an act of Town Council, which is a high barrier for change to occur.
- **Unclear and inflexible outdoor venue rental policy.** Some outdoor rental venues require an indoor venue rental. Many of the policies around exclusive outdoor rentals are unclear. For example, there are no prices listed for exclusive outdoor rentals with catering.
- **Day use non-registration frequently occurs.** MCE encounters 10-15 non-registered outdoor day use events each good weather month. When they observe a non-registrant, they collect the registration fee only with no associated penalty fee. In the end, this policy has several impacts: non-registrants have a possible upside with no downside for their behavior; Atherton loses revenue from non-registrants that are not addressed; non-registrants cause conflicts with other registered day users; and MCE’s enforcement detracts from its primary duties.

ANALYSIS

The subcommittee proposes improving HPP venue rental price list clarity, consistency, efficiency, and completeness with changes below. They can be implemented at minimal to no cost. Some pricing and grouping adjustments are being made but were kept at a minimum to remain consistent with current price levels. The differences in prices and reasons for the change are noted in this analysis.

- **Convert to hourly pricing instead of flat rate.** Hourly pricing greatly reduces the number of price bands while earning roughly the same revenue. While it does require the client to calculate the final price, it affords more flexibility and easier calculations as a benefit. Moreover, it eliminates the \$120/hour overtime price charge. In its place is the regular vendor hourly pricing rate, which starts at \$135/hour, more than the overtime rate.
- **Final hourly prices shown in two columns.** One column contains non-resident prices, and the second column has resident prices. Upfront pricing is clear and concise without clients having to read the fine print to calculate the final price.
- **Round prices to the nearest “0” or “5”.** Brands associated with quality price their products and services ending in a zero. The “Atherton” brand has an association with high quality. Thus, all prices have been rounded. With that said, updating prices by \$10/hour increments can change the total price significantly. Having the ability to adjust prices by \$5/hour is more reasonable and better aligns with current and expected future inflation rates. Ultimately, the subcommittee decided to round prices to the nearest \$5/hour.
- **Align holiday rentals with the weekend rental price.** Holidays are popular times to rent a venue for many and often occur next to weekends. Holidays are now priced at the same rate as weekends to reflect that popularity. The HPP rental price page should list the specific holidays recognized with the new pricing.
- **Adjust prices yearly for inflation.** Staff would be empowered to adjust HPP rental prices once a year in line with local inflation. The [SF Bay area Consumer Price Index averaged 3.14%/year](#) since 2018. More recently, February’s national inflation rate was nearly 8%, a 40 year high. Allowing staff to make yearly adjustments permits Atherton to keep its rental prices in line with market rates more easily as it does not require Town Council action. Council can decide whether they want Park and Recreation Committee to review and approve these staff proposed inflation adjustments.
- **Allow exclusive outdoor venues to be rented a la carte.** Currently, outdoor venues can be rented exclusively only when an indoor venue is included (i.e. North Lawn rental requires Carriage House rental). This bundling can significantly increase the price when a client is only interested in an outdoor event. Allowing outdoor venue rentals without an indoor venue provides a lower price point and flexibility. This change represents a new revenue opportunity for Atherton and Catered Too, especially with the public’s COVID sensitivity.

The subcommittee recommends the specific outdoor venues affected include the North Lawn, Water Tower Lawn, and the Event Garden. These venues are more popular to be rented on their own or in combination with a nearby indoor venue. This rental type is different from outdoor rental day use. Day use is a non-exclusive rental that has a

50-person limit. Exclusive outdoor use provides access to catering, alcohol, commercial vendors, and fewer than 75 people with bathroom access from park public facilities only. If there's more guests or a need for electricity, an indoor venue must be added for sufficient bathroom facilities and/or electrical power.

The outdoor venue a la carte hourly price is \$10/hour higher than its bundled price to better reflect the value of the stand-alone area use.

- **Improve day use reservation compliance by increasing same day registration fee and eliminating penalty.** When MCE encounters day use non-registrants, they collect just the regular day use fee, but never the penalty. As the penalty is never collected, it diminishes compliance, which may explain why 10-15 non-registrants are encountered each good weather month.

The subcommittee proposes Atherton eliminate the penalty fee and add a new price category for same day registration that is double the current registration price. Any reservations made one day or more before the event will be charged the current day use fee. For clients that already comply, they should see no difference in prices.

The new price category means MCE will be able to collect double the fees Atherton normally charges. This pricing mechanism encourages clients to register early in the future and over time will ideally minimize the time MCE has to spend enforcing day use permits. The council may decide to choose another fee amount instead of double. It could also incentivize MCE to verify day use permits by setting aside a percentage of same day registration fees to MCE employees as a bonus. That would encourage consistent enforcement and compliance.

The goal of this new fee is NOT to increase revenue, but to improve compliance. Eventually, MCE shouldn't need to spend as much time collecting fees when it has many other park duties and non-registrants won't conflict with other registered day users.

The subcommittee proposes to apply this pricing mechanism to photo shoot permits as well.

Proposed Hourly Pricing:

The subcommittee proposes specific hourly prices in Attachment 1. On the left side are the proposed prices. On the right side are the "current" prices as if they were charged hourly. Prices have been rounded to nearest \$5 or \$10 per hour. The number of price categories is significantly reduced as time bands have been consolidated.

- The Carriage House went from 10 price bands to 1 with the proposal.
- Jennings Pavilion went from 8 price bands to 2 with the proposal.
- Main House went from 6 price bands to 2 with the proposal.

The a la carte price for outdoor venue exclusive use was raised by \$10/hour from what would have been the expected "current" price. Being able to rent an outdoor venue exclusively is new for HPP and is likely to be more popular as COVID remains top of mind for many clients. There was a consensus among staff, Catered Too, and the subcommittee that Atherton should charge a little more initially to discourage overuse. Price adjustments can be made later to adjust whether the new pricing is meeting rental expectations.

The new pricing proposal ensures roughly the same revenue will be collected as the current venue hourly minimums stay in place.

Marketing Recommendations:

The above pricing and rental recommendations can be made at little to no cost. The subcommittee recommends HPP improve its venue marketability as well. The marketing changes do require more investment with the benefits of more revenue through higher prices and more frequent rentals.

The current HPP rental venue website experience uses dated materials, video, and the calendar does not appear to be up to date.

- **Create modern interactive website that matches client needs and date requests.** In most cases, clients must call the HPP event manager to learn about venue availability. The process can be slow and cumbersome for both the event manager and client. An interactive website that has real-time venue availability will make it easier for clients to check whether HPP has availability for specific dates and times. They should be able to place a deposit with a credit card from the website to make a reservation. The website should allow customers to filter the venues based on date, number of guests (which can vary based on whether those guests are sitting, standing, and seat arrangements), and other client requirements (indoor or outdoor, electrical, catering, etc.).

Having an online availability platform will decrease the back and forth between HPP staff and the client, which

will ideally improve the entire client experience and ensure positive reviews, words of mouth, and future reservations. There are many platforms that can be explored; a few examples are listed below depending on the financial commitment of the Town (the platform with the lowest financial commitment is listed first):

- A system similar to Player Capital for tennis court reservations that lists basic information about the availability of a space on a given day/time. This platform would allow the Town to pre-block off reoccurring trainings, events, or facilities repairs that would prevent a client from using the space.
- A system that includes information about the availability of a space along with basic information, such as how many people will be attending the event, so clients can utilize a basic ‘filter’ feature to reduce the amount of back and forth with HPP staff.
- A system that accounts for all of the above-described features: filtering based on date, number of guests, and venue features. This system would also allow for an immediate deposit so that their reservation goes into the public calendar and cannot be reserved by another person. Once the deposit is submitted, HPP staff can reach out to the client directly to coordinate additional logistics and finalize a venue price. This system would likely need to be contracted out and will require input from HPP staff so that the necessary parameters can be coded into the platform. It is recommended that the contract include on-going technical support and yearly updating to reflect changes in prices, venue characteristics, etc.
- **Multimedia website experience.** An important part of meeting a client’s venue needs is to allow them to better imagine the possibilities of the space. This imagination can help increase the number of venue reservations over time since the possibilities will become more realistic for clients. The venue rental website should include pictures of how the space has been used for different events, such as a wedding reception, birthday party, or corporate retreat. These photos can be a starting place for clients to be creative on how they will use the space. These pictures can be taken from past client events, either by the client themselves or an Atherton vendor, with a media release. 3-D interactive and videos can also be taken of each venue to give clients a more tangible understanding of the space without having to visit it.
 - It is recommended that HPP staff request media releases from all clients and events so that any photos taken by HPP staff can be used freely on the websites. Given the difficulty in hosting many photos on the HPP website or Town website, HPP staff can develop a photo sharing site (such as Google or Flickr) to host and label different photos. This external site can be linked on the HPP website so that potential clients can view high resolution photos of the various events they can reserve in the park.
 - There is a strong incentive for Catered Too to request media releases and encourage staff to take photos during events, as this marketing tool will increase catering opportunities. It is reasonable to assume that an increase in photos will likely correlate to a higher demand for catering services.

FISCAL IMPACT

Revenue

Some increase could occur with simpler, clearer, and comprehensive pricing via additional rental business. Outdoor venues could now be exclusively rented. The hourly rental charge basis means longer events will bring in more revenue and shorter events will bring in less. More revenue from day use rentals could occur from increased same day reservation fees and more reservations to avoid the same day reservation fees.

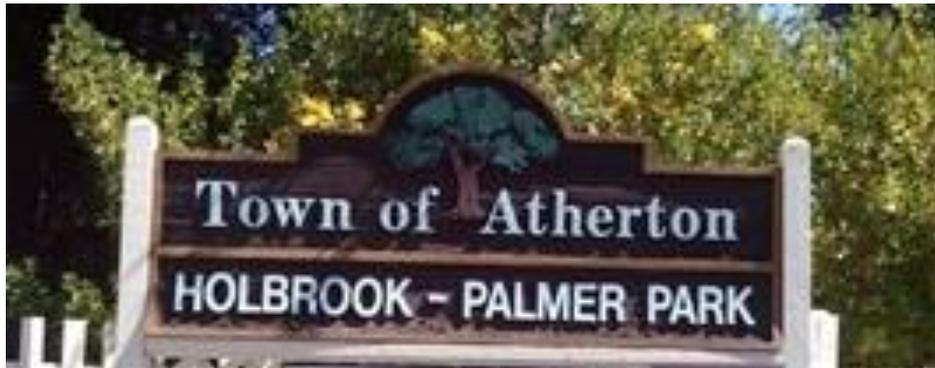
Costs

Possible lower costs via clearer pricing policies, which may make managing rental inquiries easier through self-service. New same day fees for day use rentals should increase renter compliance, which will free park staff from enforcement duties. Website and marketing materials will need to be updated with new prices and policy; the Town should expect that these updates will lead to the greatest costs, depending on the level of accessibility and features deemed necessary on the website and in the marketing materials.

Town of Atherton

Park and Recreation Committee

Rental Venue Pricing Proposal



Venue Price Update Scope

- Goal: Improve issues with committee consensus
 - Inefficiencies
 - Inconsistencies
 - Lack of clarity
 - Missing info
- Not in scope
 - Major pricing changes to meet specific policy and financial goals
 - Revenue
 - Margin
 - Usage percentage
 - Best addressed after in-depth discussion and data during non-COVID market conditions

Price and Venue Concerns

- Price list not straightforward to calculate
 - List price plus 15% (resident) or 30% (non-resident)
- Numerous pricing time slots/categories are complicating
 - Carriage house has 10 price slots
 - Jennings has 8
 - Main house has 6
- Prices rarely end in “9” or “0”
 - Consumers associate prices ending in “9” with good values
 - Prices ending in “0” with quality
- Flat price bands are less flexible for clients
 - Day event clean up should not go past 4 PM
 - Evening event setup should not start before 4 PM
 - Venues are not competitively priced for shorter events

Price and Venue Concerns

- Prices remain static for years
 - Price changes require council action
 - Should make regular adjustments for market conditions
- Outdoor rentals and their prices are unlisted or tied to indoor venues
 - No prices listed for exclusive outdoor rental use
 - North Lawn can only be rented for exclusive use with indoor rental
- Day use non-registration is common
 - MCE encounters 10-15 **non-registered events** per good weather month
 - MCE collects registration fee only, but no penalty
 - If there is no downside, incentive will be to not register
 - Creates conflicts with existing registrations
 - Atherton loses revenue from undetected non-registered events
 - MCE spends enforcing registration, not on its primary duties

Proposed Changes

- Hourly pricing with minimums
 - Improves clarity by consolidating price list rows
 - Revenue upside for longer events
 - Current market rate replaces lower \$120/hr overtime price
 - Minimum hour rental requirement adjusted more easily if necessary
- List hourly prices in two columns
 - Non-resident and resident final prices shown for clarity
- Round prices to the nearest “0” when possible
 - Marketing based on quality ends with “0”
 - “Atherton” brand is generally tied to quality
 - Some rates end in “5” to keep prices closer to current levels
- Holiday pricing
 - New price category matching weekend price for high-demand holidays

Proposed Changes

- Adjust prices yearly for inflation
 - SF Bay Area Consumer Price Index averaged 3.14%/year in last 4+ years
 - Proposal: Staff updates rental rates for inflation once a year with P&R to review and approve changes
- Rent outdoor venues on their own
 - List North Lawn, Water Tower Lawn, and Event Garden a la carte
 - Outdoor only events are now less expensive and more competitive
- List conditions indoor venues are required for outdoor rentals
 - I.e. required with 75 or more guests and/or electricity
- Address day use non-registration by aligning incentives
 - Replace penalty fee with same-day reg fee (e.g. double current fee)
 - MCE keeps a percentage of same-day registration fee
 - Encourages MCE enforcement
 - Consistent enforcement and higher price improves compliance

Proposed Changes - Marketing Improvements

- Website matches customer specifications with availability and price
 - Develop/utilize a platform that shows client which venues are available based on date, time, number of people, indoor and/or outdoor
- Venue photos
 - Request media releases from all clients and event attendees
 - Add more indoor and outdoor photos for each space
 - Show venue setup from past events to show what space can look like or how it can be configured

Main House		
<i>Day</i>	<i>Proposed Cost: Atherton Resident</i>	<i>Proposed Cost: Non-Atherton Resident</i>
Monday - Friday (4 hour minimum)	\$135 per hour	\$155 per hour
Saturday, Sunday, or Holidays (2 hour minimum)	\$345 per hour	\$390 per hour

Price does not include \$600 refundable security deposit.
Includes outdoor area with adjacent porch and lower patio

Jennings Pavillion		
<i>Day</i>	<i>Proposed Cost: Atherton Resident</i>	<i>Proposed Cost: Non-Atherton Resident</i>
Friday Day Use or Monday - Thursday (4 hour minimum)	\$275 per hour	\$310 per hour
Friday Evenings, Saturday, Sunday, or Holidays (4-6 hour minimum*)	\$785 per hour	\$890 per hour

Price does not include \$1200 refundable security deposit.

Friday evenings begin at 4 PM

*Day use has 4 hour minimum. Evening use has 6 hour minimum.

Includes water tower lawn, event garden, patio, and side lawn (subject to availability)

Carriage House		
<i>Day</i>	<i>Proposed Cost: Atherton Resident</i>	<i>Proposed Cost: Non-Atherton Resident</i>
Every Day (4 hour minimum)	\$135 per hour	\$155 per hour

Price does not include \$600 refundable security deposit.
Does not include any outdoor areas

Outdoor Area - Exclusive Use or more than 50 people		
<i>Day</i>	<i>Proposed Cost: Atherton Resident</i>	<i>Proposed Cost: Non-Atherton Resident</i>
Every Day (4 hour minimum)	\$145 per hour	\$165 per hour

Price does not include \$300 refundable security deposit.

Price includes rental of one of the following: North Lawn, Water Tower Lawn, or Event Garden

No electrical access and less than 75 people

75 or more people or electrical access requires indoor venue to be added

Non-Exclusive Day Use		
<i>Groups</i>	<i>Proposed Cost: Atherton Resident</i>	<i>Proposed Cost: Non-Atherton Resident</i>
1-12	None	None
13-25	90*	120*
26-50	180*	240*
Penalty	None	None

Main House (Current Equivalent)		
<i>Day</i>	<i>Cost: Atherton Resident</i>	<i>Cost: Non-Atherton Resident</i>
Monday - Friday (4 hour minimum)	\$137.43 per hour	\$155.35 per hour
Saturday-Sunday (2 hour minimum)	\$343.85 per hour	\$388.70 per hour

Price does not include \$600 refundable security deposit.
Includes outdoor area with adjacent porch and lower patio

Jennings Pavillion (Current Equivalent)		
<i>Day</i>	<i>Cost: Atherton Resident</i>	<i>Cost: Non-Atherton Resident</i>
Friday Day Use or Monday - Thursday (4 hour minimum)	\$274.85 per hour	\$310.70 per hour
Friday Evenings, Saturday, or Sunday (4-6 hour minimum*)	\$785.29 per hour	\$887.71 per hour

Price does not include \$1200 refundable security deposit.

Friday evenings begin at 4 PM

*Day use has 4 hour minimum. Evening use has 6 hour minimum.

Includes water tower lawn, event garden, patio, and side lawn (subject to availability)

Carriage House (Current Equivalent)		
<i>Day</i>	<i>Cost: Atherton Resident</i>	<i>Cost: Non-Atherton Resident</i>
Every Day (4 hour minimum)	\$137.43 per hour	\$155.35 per hour

Price does not include \$600 refundable security deposit.
Does not include any outdoor areas

Outdoor Area - Exclusive Use (Current Equivalent)		
<i>Day</i>	<i>Cost: Atherton Resident</i>	<i>Cost: Non-Atherton Resident</i>
Every Day (4 hour minimum)	\$137.43 per hour	\$155.35 per hour

Price does not include \$300 refundable security deposit.

Non-Exclusive Day Use (Current Equivalent)		
<i>Groups</i>	<i>Cost: Atherton Resident</i>	<i>Cost: Non-Atherton Resident</i>
1-12	None	None
13-25	\$90	\$120
26-50	\$180	\$239
Penalty	\$120	\$120

*Cost registering more than one day in advance. Same day registration doubles day use fee.

Photo-Shoot Permit	
<i>Days</i>	<i>Proposed Cost</i>
One Day	120*
One Month	\$600
Penalty	None

*Cost registering more than one day in advance. Same day registration doubles day use fee.

Photo-Shoot Permit (Current Equivalent)	
<i>Groups</i>	<i>Cost</i>
1-12	\$120
13-25	\$598
Penalty	\$120