




# RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY

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## MEMORANDUM

**TO:** Honorable Chair and Members, CRA Board of Commissioners  
 City of Riviera Beach, Florida

**FROM:**  Scott Evans, Interim Executive Director, Riviera Beach CRA

**DATE:** July 27, 2017

**SUBJECT:** Board Item: Board Discussion and Approval of the Revised Riviera Beach Event Center Pricing Structure and Review of Market and Historical Data.

### REQUEST FOR BOARD ACTION

Pursuant to Board Members' requests at the previous meeting, the Agency is requesting the Board of Commissioners to discuss and approve the Revised Riviera Beach Event Center Pricing Structure and Review the available Market and Historical Data. The current pricing structure is attached as Exhibit "A".

### BACKGROUND

The Riviera Beach Community Redevelopment Agency ("CRA") has been operating the Riviera Beach Event Center continuously for one year. We have gained much experience over this period of time with events, meetings, concerts, etc., which provides valuable insight and feedback on the marketability and usage of the Event Center.

Our analysis provides the following information:

### PROPOSED NEW PRICING STRUCTURE

	2016-17 Current Rate		2017-18 Proposed Rate	
	Rental Fee	30% Discount	Increased Rental Fee by 20%	Resident Rate
Newcomb Hall Ballroom*	\$238	\$166	\$286	\$166
Riviera 1 & 2*	\$90	\$63	\$108	\$63
Gulfstream Terrace*	\$156	\$109	\$187	\$109
Bicentennial Park*	\$1,500	\$1,050	\$1,800	\$1,050
Wedding Package*	\$358	\$251	\$430	\$251
Meeting Package**	\$195	\$137	\$234	\$137
Festival Package (1day)	\$4,833	\$3,383	\$5,800	\$3,383
<b>Revenue Total***</b>	<b>\$115,000</b>		<b>\$150,000</b>	

\*Based on weekend rates

\*\* Based on weekday rates

\*\*\*Projected at year end.

**RIVIERA BEACH EVENT CENTER  
FINANCIAL ACTIVITIES COMPARISON 2017/2018**

	Projected to 9/30/17	Projected 2017/2018 (20% Increase)
<b>REVENUES</b>		
Building and Park Rentals	\$150,000	\$195,000
Less Resident and Non Profit Discounts	(\$35,000)	(\$45,000)
Rafiki Tiki (2018)	0	\$31,000
<b>Net Revenues</b>	<b>\$115,000</b>	<b>\$181,000</b>
<b>OPERATING EXPENSES</b>		
General (CAM Related)	\$130,000	\$130,000
General Liability, Content & Flood Insurance	\$101,040	\$101,040
Administrative (non-CAM)	\$30,000	\$30,000
Staff -		
Salary -	\$195,000	\$200,000
Taxes and Benefits --	\$80,000	\$85,000
<b>Total Event Center Expense</b>	<b>\$536,040</b>	<b>\$546,040</b>
<b>REVENUES MINUS EXPENSES</b>	<b>(\$421,040)</b>	<b>(\$365,040)</b>

The majority of the revenues are derived from rental of the Event Center itself. Resident discounts account for \$35,000 in reduced revenue in 2017. Rent and CAM from the RafikiTiki will begin to be collected in fiscal year 2018. As the Event Center's additional commercial spaces get rented, and we collect rent and CAM from the RafikiTiki for a full year in 2019, the revenue will go up significantly. Facility rentals can be improved as we continue to increase the weekday facility rentals at the Event Center and with these improvements, the facility can move towards eliminating the operating deficit. Since 2/3 of the facility rentals are currently by Riviera Beach residents, Staff recommends that we study revenue over the next 6 months and consider a future increase to the resident rates.

Research conducted last year and confirmed in July 2017, shows that there are several comparable venues to our Event Center and our pricing is very competitive and slightly lower than other similar facilities that have less amenities to offer.

We looked back at the initial research and rationale for the current pricing. See below.

(Excerpt from original pricing notes prepared by Mark Blomeke, presented and approved by Board on November 21, 2016):

**Basic Assumptions for Current Rate Structure**

Following are basic assumptions used in determining the current pricing and rate structure, created in an effort to bring value to residents, provide revenue to help offset operating expenses, and maintain the greatest degree of marketability in a competitive environment for a new venue.

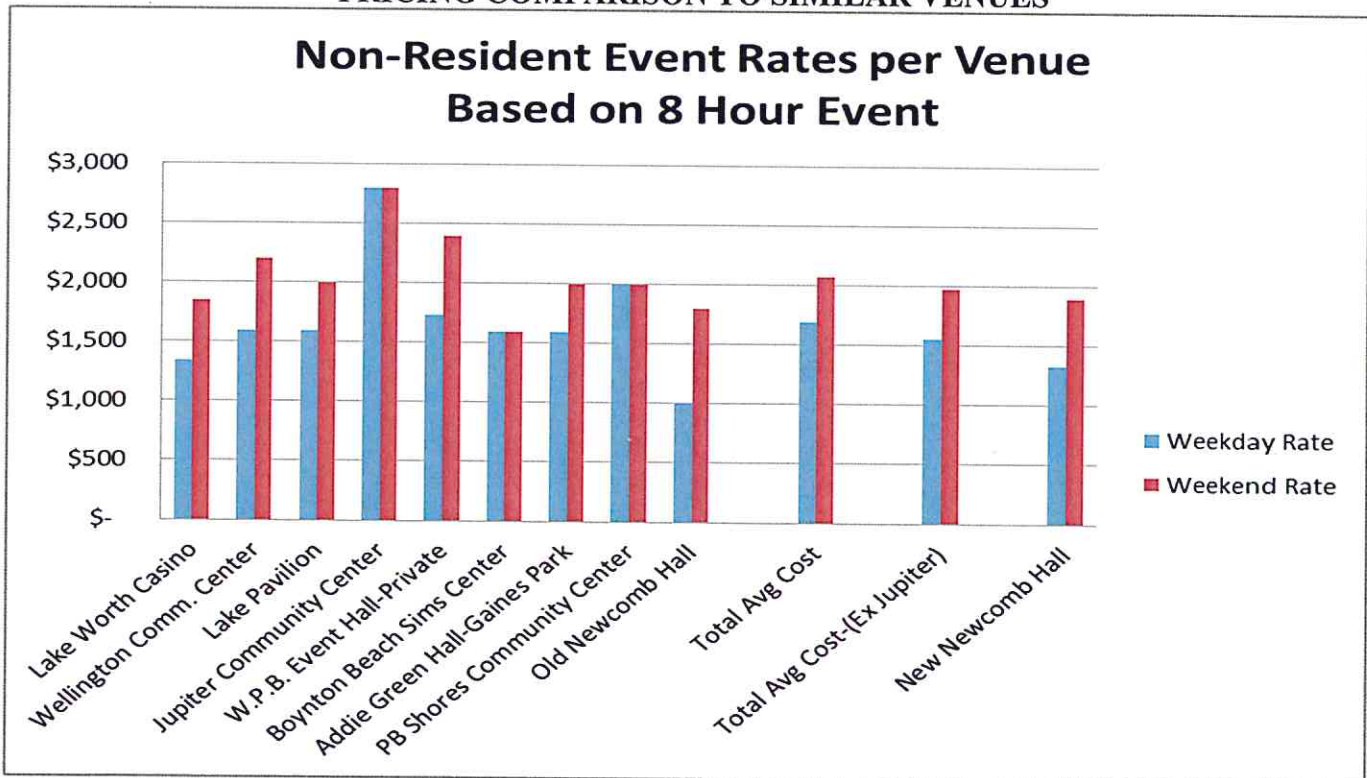
- *To standardize evaluation all benchmark pricing was applied to an 8 hour time frame.*
- *Our selected flat rate of \$1500 for 8 hours of rental time is ~24% below the competition. Our all inclusive price demonstrates immediately a competitive advantage over our competition and the customer knows exactly what to expect from a pricing standpoint.*

- We want to come in lower and undercut competition to illustrate our price advantage and hopefully drive more volume. Which in turn drives awareness of our product.
- However we do not know how much discounting is going on at these venues during their negotiation processes as they try to stay busy. There is also the possibility that they are ambivalent about revenues from these assets and do not negotiate and let it sit empty.
- Most venues charged for their ancillary amenities such as staging, dance floors and even audio visual. Consensus I got from the Caterers is just develop one price and make it inclusive. Customers don't like being nickel and dimed. I would agree and was how we operated at The Breakers. For any needs outside of what we have inventory we would obviously assess rental fees to supplement our inventory if needed.
- There was a mix of kitchen usage fees ranging from \$25 up to \$530 (Lake Worth has a complete kitchen). Caterers do not absorb these fees they pass them on to the customer. We have a limited warming kitchen. Much like above for ancillary amenities I do not plan on charging for something that is limited in nature.
- Catering Commissions-None of the caterers I talked to currently pay commissions. They recommend against us implementing such a policy, as again they would just pay it along to customers and ultimately all these extra fees that are getting passed along make us uncompetitive and also less likely that caterers are going to bring their business here. **We want to drive reciprocal sales!! We want our partners to help drive business because it is easy for them to operate here and it is good for their customers. There is a lot of competition with more coming, i.e. (Wellington is building a brand new event center).**
- With our limited resources, we need to keep this simple and not complicate or add on more accounting processes to figure out who owes what.

Non-Profit Discounting

- Lake Worth-NP's pay same rate as residents
- PB Shores-NP's pay ~37% less than residents, however must sign a one year contract to hold a minimum of one meeting per month at a rate of \$250 per meeting.
- Boynton Beach-NP's based in the city pay same rate as residents
- West Palm Beach Lake Pavilion-NP's pay same rate as residents.

**PRICING COMPARISON TO SIMILAR VENUES**



**Current Performance at Riviera Beach Event Center** (Period covered October 1, 2016- YTD)

The Board requested information on performance results at the Event Center:

<b>Total # of Events</b>	<b><u>140</u></b>
Residents	99
Non-Residents	24
Non-Profits/City	7
Non-Profits/Outside City	10
Number of Attendees	11,400++****
Revenues	\$115,000

\*\*\*\*Complete census information not available. This does not include attendance from City/CRA events.

**Policies Regarding Residency**

The Board asked Staff to provide information on the policies governing rates for Riviera Beach residents and for nonprofit organizations. The following are excerpted from the approved Policies and Procedures, with proposed changes reflected:

***“CITY OF RIVIERA BEACH RESIDENT RATE***

*City of Riviera Beach residents are encouraged to rent the facilities. City residents are eligible for a 30% discount on our published pricing. To qualify for the discount Lessee’s must reside within the City of Riviera Beach and have an address with a zip codes of 33404. A City of Riviera Beach utility bill and valid photo ID are required to receive the special discount. The renter receiving the Resident Rate must be present for the duration of the event.*

***NON-PROFIT ORGANIZATION RATE***

*Both Local Riviera Beach Non-Profits and Non-Profits located outside of the Riviera Beach area are eligible to receive a discount for all space located at the Marina Event Center Building. A valid non-profit tax certification letter is required to receive the discount. Those Non-Profit organizations within Riviera Beach will receive the resident ~~a~~30% discount and those located outside of the city limits will receive 20%”.*

**Recommendation**

Staff provides this report for Review and Discussion. Additionally, staff recommends amending the current rates to reflect a 20% increase for non-resident rates, and keeping the current resident rate per direction provided previously by the Board. The proposed Resolution will also keep local nonprofit rate at current levels, and change the non-local nonprofit rates to reflect a 20% discount from the new non-resident rate. Staff recommends approval of the 2017-18 rate structure, amending the Policies and Procedures accordingly. As the Event Center’s additional spaces get rented and we continue to grow the weekday facility rental business, the Center can move quickly towards eliminating the operating deficit. Since 2/3 of the facility rentals are currently by Riviera Beach resident’s, Staff recommends that we study revenue over the next 6 months and consider a future increase to resident rates.

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