

# Business Plan

## Enterprises Opportunities and Recommendations for McAuliffe Park



# ENTERPRISE OPPORTUNITIES

*As in the careful planning of any municipally owned amenity, great balance must be achieved between enterprise pursuits and the open accessibility of the amenity for all citizens. Consideration of enterprise endeavors in McAuliffe Park must strike this sensitive balance. The careful spatial establishment of defined programming zones will allow this delicate balance to exist.*

It is the desire of the Park Board, the City Council, and the Park Staff to mitigate, in some degree, the \$150,000 maintenance and operations cost of McAuliffe Park, taking the following stipulations into strong consideration;

- Accessibility for passive park usage must not be seriously inhibited
- Very little disturbance to the surrounding neighborhoods should occur
- Some degree of enterprise endeavor can actually aid in the activation of an underutilized property
- Any enterprise activity in and of itself should meet a need of the citizens of Kirkland
- The implementation of any enterprise activity will require capital expenditures which will be available most of the week for public park users.

### Market Opportunities

The Kirkland market has a need for new meeting spaces as most of the available meeting spaces in a five mile ring are running at around 70% booked. . If McAuliffe Park were to be fully commercialized, which means:

- every building on the property would be available at all times for four-wall rentals,
- all the grounds available for large tented gathering such as reunions and weddings at all times
- the Garage leased as a restaurant/catering business
- all the following suggested capital improvements made to enhance rent ability,

the gross revenue potential after a normal three year ramp up period would be in the range of \$300,000 to \$325,000. This study, however, does not recommend full commercialization. Focus groups suggest that complete commercial programming would not allow the accessibility that all stakeholders desire.

## Recommendations

**The following capital improvements should be considered to insure market competitiveness, operational efficiencies, and optimum passive programming opportunities.**



## ENTERPRISE OPPORTUNITIES

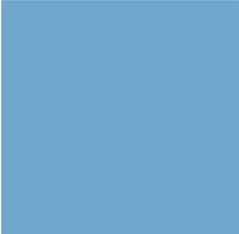
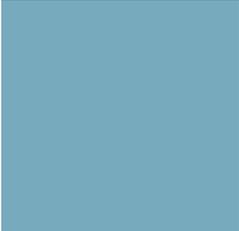
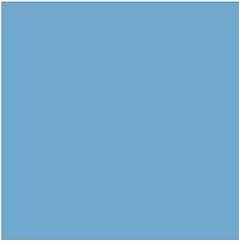
**The Grounds:** There will need a clear definition between the ‘open park’ grounds and those set aside for the Enterprise Zone. The clients using the park for events, meetings and ceremonies will need to be confident that their proceedings will be private and respected. This can be accomplished with everything from open fencing to landscape hedges and buffers. Solid structures or tall fences should not be necessary to create the required feeling and definition of uses. The area towards the east property line, north of the vegetable and herb garden would be heavily planted with deciduous and evergreen trees to the proposed courtyard area of the ‘New Barn’ to create and improve the existing vegetative sound buffers for the neighbors to the east of the park.

### **Event Spaces:**

**The ‘Old Barn’:** This structure is quaint and charming. It will be a great backdrop for photos and small events located to south of the structure. It should be preserved in the general park area with the understanding that it could be rented with the area to the south on occasion. The Old Barn and the gardens to the north of it should be maintained as part of heritage of Kirkland and the grounds of the park.

**The Flexible Area:** We suggest replacing the carport and beer truck structures east of the new barn, in the “working zone” or flexible area with a new covered pavilion. The size of the pavilion would be at least 60 feet by 40 feet, it would have a solid floor, and it would have lighting, side-walls and heat. The purpose would be for garden events, wedding ceremonies and other functions that will not last past 10:00 PM and will not have amplified music after 9:00 PM. South of this new pavilion would be new pedestrian paving, landscaping and an extension of the pastoral lawn that is near the gardens and barn.

**The ‘New Barn’:** This would be the ‘reception hall’ for weddings, school reunions, auctions, birthdays and the like. It would act as the main facility for functions lasting until midnight, with live music no later than 11:00 PM. We feel this building needs finished walls on the interior, a open vaulted ceiling (plank), an addition to the west, heat, good lighting, flat floors with a “Pergo” or similar flooring material, plumbing and restrooms. The addition to the west would open the room up for more floorspace, a fireplace and afternoon light. The gravel parking and drive to the east would be landscaped into a courtyard for tables and entertaining. A new open pavilion structure would be constructed in place of the carport and beer trucks which would be removed. The small back room to the North would be turned into a service area to facilitate serving and catering for events.



# ENTERPRISE OPPORTUNITIES

## Recommendations (continued)

**The Garage:** This structure would be turned into a 60-70 seat garden cafe serving the Juanita neighborhood and Kirkland as a whole. It would need to be totally built out as a restaurant with all the ovens, vents, hoods, and restrooms. The upstairs would be a small bar used for patrons waiting to eat and for drop-ins. We envision the bar as leveraging the relationship to our local wineries and from Walla Walla, Kirkland's partner city. At first glance we see the cafe as a casual, local bistro with great food and fun service. The cafe would have exclusive catering rights for all the events held at the other buildings at the park.

**The McAuliffe Residence:** We suggest this house be built out to contain meeting rooms that can provide intimate space for groups from four to larger groups of 40-50. This would allow us to hold between 3-5 meetings at a time. The individual rooms would all have internet connectivity, phone service, white boards and the other necessary meeting items. Some of the rooms would 'open' for set up to meet the specific requirements of the meeting while others would have full conference tables and chairs for smaller and more generic meetings. The bathrooms would be upgraded to commercial grade restrooms. There would be open, casual gathering spaces for private parties and social hours after a long day of discussion and work.

**Parking:** Adequate parking for events in several places would need to be developed to accommodate both rentals and passive users.

**Recommendations (continued)**

**The City of Kirkland should outsource the management, scheduling, janitorial upkeep, and marketing of the enterprise activities to a private event management company.**



**ENTERPRISE OPPORTUNITIES**

It is neither efficient nor completely within the mission of a municipal parks department to operate an enterprise endeavor. Economies of scale can often be achieved by a private operator who already has systems in place. There are many models of event space management outsourcing previously mentioned in this report which return considerable revenue to the municipality and bring a high degree of expertise. There are generally three concerns when a municipality out sources the programming of a public space to a private enterprise entity. They are:

- Can the municipality still use these spaces for in-house programming?
- Do we lose complete control of the space and its uses?
- Can we regulate enterprise activities to optimal times?

All of these concerns can be answered by a thoughtful contract with the provider.

Advantages of outsourcing the management of McAuliffe Park, should the City decide to enter into enterprise activity at all far out weigh the concerns.

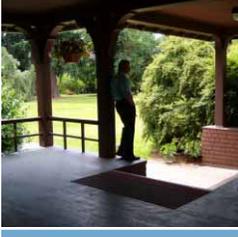
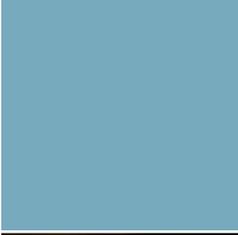
-Economies of scale in major marketing efforts can be achieved as an outsourced operator would already be involved in marketing activities such as industry trade shows, media buys, meeting venue listing materials. An operator already present in the market has the ability to move clients from one venue to another as established venues fill up first. By doing this, the ramp up period on rate of return is accelerated as the entrance into the market is immediate.

- The event business does not lend itself readily to the restrictions of municipal employment. Casual and on call labor is needed to staff often last minute events. It is too costly for a City to meet these sporadic demands.

-A private management entity removes the danger of politicizing booking choices.

- A private management entity responsible for the janitorial upkeep of a facility can elevate the normal parks standard of customer expectation.





**Recommendations (continued)**

The City of Kirkland should issue a Request for Proposals from event management companies which already exist and thrive within the area.

The proposal should clearly state the following

- The exact windows of time available for enterprise activity
- The restrictions of ambient noise
- The responsibility of the event management company to bring an appropriate restaurateur with viable business plan to the table
- The definition of property maintenance expected by the management company
- The definition of property maintenance provided by the parks department
- Expectations of any furniture, fixtures, or equipment to be supplied by the management company.

King County Parks recently has advertised request for vendor proposals.

**The City of Kirkland should contractually limit the allowed times of enterprise activity and legislate a booking schedule which allows the City to use the facility for in-house needs.**

Limiting the allowable windows for enterprise activity is a notion which demands careful negotiation. In order to achieve a good balance in the use of McAuliffe Park between enterprise activity and passive accessibility, this must be done. In order to attract the interest of a qualified operator, there must be enough available “enterprise inventory” to make the effort worthwhile. Also, it benefits the City to make as much time available as possible to ramp up revenue to offset expenses. Yet, the stakeholders must not be inconvenienced. It is best configured after an open dialogue with an experienced event management professional, but we suggest this scenario as a beginning point in negotiations:

- Large events such as large weddings, reunions, and corporate events should be limited to Friday evenings and Saturday all day. Such events should be limited to the defined enterprise zones to insure privacy for the rental clients and allow accessibility to the rest of the park.
- All buildings should be open for enterprise booking seven days a week. Evening meetings should be contained within the building booked.
- City needs should be scheduled first before releasing time to enterprise activity
- Parks would continue to provide ground maintenance
- The management entity should also be responsible for selecting a restaurateur/caterer for occupancy of The Garage. This caterer would be allowed exclusive catering (as a needed financial incentive) for all events held on the property.

## Recommendations (continued)

### Financial deal points and rate of return



# ENTERPRISE OPPORTUNITIES

- For purpose of tax advantage it is prudent that the management entity collect all rental fees in the name of the City and remits rental revenue, with the exception of the lease fee of the restaurant, to the municipality. The management company should then invoice the City for an agreed upon percentage of the rental revenue, usually 50%.
- The management company, in private agreement with the restaurant provider would contract for a certain percentage of the restaurant operations total gross including daily restaurant revenue, on site catering, and off site catering. The management company would then remit an agreed upon percentage of catering revenue to the city. A standard amount is between 9% - 15%.
- Cafe/catering kitchen lease payments should go directly to the City. A competitive lease rate for The Garage would be an escalating fee of \$3500.00 the first year to \$4000.00 the second year. Considerable tenant improvements must be accomplished to accommodate a restaurant. Whether or not those improvements are made by the tenant, the City, or a combination of both should enter into the final lease fee agreement.
- Assuming these financial deal points and limited allowances for enterprise activity, we believe that a livable balance could be achieved between stakeholders and the profitability of a private management entity. Revenue return to the City, after a three year ramp up, should be (all inclusive) between \$120,000 to \$130,000. (After a 50% split with management company, inclusive of the restaurant lease fee)
- By adding Sundays to the allowable enterprise window revenue should increase by 15% .



*McAuliffe  
Park  
& Farm*



## Conclusions

Clearly, even a limited enterprise endeavor can produce enough revenue to seriously mitigate maintenance and operation costs. It is questionable whether or not the limited effort justifies the capital upgrades required to be efficient and competitive in the event and meetings market. This can only be determined by the priorities of staff and elected officials and whether or not the provision of meeting and event space for the community is considered a desired service in the vast responsibilities of municipal demands.

