

ITEM 12
MANAGER'S REPORT NO. 35
COUNCIL MEETING 86/05/26

RE: FOOD SERVICE AT BONSOR RECREATION CENTRE

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation as contained in the report from the Director Recreation & Cultural Services be adopted.

* * * * *

1986 MAY 22

TO: MUNICIPAL MANAGER
FROM: DIRECTOR RECREATION AND CULTURAL SERVICES
RE: FOOD SERVICE AT BONSOR RECREATION CENTRE

RECOMMENDATION:

1. THAT Council receive this report for information purposes.

REPORT

At its meeting of 1986 May 21, the Parks and Recreation Commission received a report on the above topic.

Arising out of this item, the Commission determined that a food service should be offered at the Bonsor Recreation Centre. The Commission recognized that a food service is not primarily a profit endeavor but is an additional service provided to round out the experience of the user of the recreation centre.

The food service and its ambience offer an environment in which centre users can socialize in peer groups following the completion of recreation activities. It is in this sense that it tends to round out the recreation experience.

It also offers a more convenient opportunity to those clients who wish to participate in an exercise opportunity around a mealtime break such as breakfast or lunch but require the option of a food snack at the same venue in order to make the visit time effective in an otherwise heavily scheduled day.

.../2...

Having recognized that the food service is primarily another social recreation opportunity, the Commission also recognizes that food services should not be operated at a loss but that they should break even or preferably make a profit which helps to offset some of the other operating costs of the centre. It would therefore be Commission policy to run such food services at a profit based on operating costs.

The Commission also recognizes that the food service at Bonsor being comprehensive in nature, is a potential opportunity for co-operation with the private sector. The Commission has therefore instructed that at the appropriate time, tenders be called and interested food service businesses be invited to bid on operating the food service. This will be done in the Spring of 1987.

The Commission approved the following recommendations:

1. THAT the Commission approve a Food Service at Bonsor Recreation Centre.
2. THAT at an appropriate time, bids will be called to determine the operator of the Food Service.
3. THAT Council be so informed.

DG:hh

C.C.
Director Finance

Dennis Gaunt

DENNIS GAUNT
Director Recreation &
Cultural Services

ITEM

11

DIP

COM

ITEM
MANAGER'S REPORT NO.
COUNCIL MEETING

12
35
86/05/26

RE: BONSOR FOODSERVICE - MUNICIPAL VS. CONTRACT OPERATION

RECOMMENDATION:

1. THAT the Commission approve a Staff run Food Service at Bonsor Recreation Centre as outlined in this report.
2. THAT Council be so informed.

REPORT

The Commission requested staff to review the proposed food service at Bonsor Recreation Centre and report on Contract vs Municipal operation.

Staff contacted Mr. David Greig, of David Greig and Associates, Food Services Consultants, for information on the proposed operation. Mr. Greig was retained by Carlberg Jackson Partners as a consultant to design the kitchen layout in the new Bonsor Recreation Centre. Staff requested that he develop a sales volume forecast, five year projection and comment on the proposed food service. This information is included in attachment I.

Staff discussed the concept with Ms. Julia Sadgrove, Regional Manager of Eatons Contract Catering (Municipal Hall Cafeteria). She indicated that their company may be interested in operating this style of unit on a negotiated management fee basis after all equipment and furnishings were supplied by the owner.

Staff recently concluded arrangements for operation of the Burnaby Mountain Golf course Restaurant and the Centennial Pavilion Restaurant on a full contract basis. This approach could be taken at the Bonsor site with the successful applicant completing the interior, kitchen and furnishings. However, Mr. David Greig indicated it was doubtful that anyone would commit investment funds to the site without a liquor license and a ten year lease.

Staff have developed a food services delivery system as a result of the Loaned Executive Assistance Program Report completed in 1983. Staff are committed to service to the public. Our own operation gives us control over operating hours, flexibility in utilizing staff, coordination with programming staff, control over the type of social atmosphere and sensitivity to the needs of special interest groups like the seniors. The Centre provides a number of rooms suitable for meetings, luncheons and a large banquet room. The revenue from providing food service to these locations is outlined in the attachment from David Greig and Associates. The policy on providing for these functions will need to be developed however it is viewed at present that the smaller functions could be handled from the restaurant while the larger events be catered by an outside organization. An analysis of the operation by Municipal staff is included in attachment II.

The Finance department had concerns about the operation of a food service. These concerns are detailed in attachment III. This information shows that the Bonsor Restaurant can be operated at a profit when debt repayment and finance department charges are considered.

ITEM

11

ITEM

12

MANAGER'S REPORT NO. 35

COUNCIL MEETING 86/05/26

- 2 -

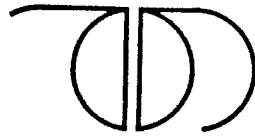
118

As a result of the input provided from outside sources, the Finance department information and the analysis of the operation by our staff it is felt that the food service at Bonsor Centre should be handled by Municipal staff. However, if at some point in the future, problems occur with wages, costs or any unforeseen factors that make the profit level unacceptable then the unit can be tendered to be run on a management fee basis.

DH:cw

ATTACHMENTS

c.c. Director of Finance



DAVID GREIG & ASSOCIATES

Corporation of the District of Burnaby
4949 Canada Way
Burnaby, B. C. V5G 1M2

Attention: Mr. Fred Smith
Superintendent, Income Facilities

ITEM 11
DIRECTOR'S REPORT NO. 12
COMMISSION MEETING

ITEM 12
MANAGER'S REPORT NO. 35
COUNCIL MEETING 86/05/26

RECEIVED IN
PARKS
AND
RECREATION

REFER FILE
MAY 14 1986

ATTACHMENT #1

86.05.14

To	Initial	D. to
F. Smith	FS	86.05.14

BONSOR RECREATION CENTRE

Pursuant to our meeting yesterday, we are attaching copies of our Sales Volume and Sales Revenue Forecasts for the above referenced project.

It is our opinion that the service of beer and wine should be considered in this facility. As well as contributing to the sales volume, the service of these items will provide users of the Centre a complete menu. It should be noted, when a beverage service is provided, food sales will increase.

In response to your question regarding whether this facility would attract lease proposals, we feel two factors should be considered:

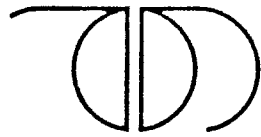
- 1) The long hours of operation of the facility are necessary to provide service to the users. Although the operation would be profitable, we would be concerned that a private caterer might not be willing to adjust to the peaks and valleys of service in the Centre and would, therefore, cut back on the hours of service.
- 2) It might prove difficult to attract a potential caterer to invest the capital required to equip the facility. Operating under a short term (5 year) Parks lease without a license would not be that attractive, considering the sales potential.

If Burnaby provided the capital investment and equipped the facility, then the Centre would be attractive to outside caterers under a management contract. It is our opinion that the Burnaby Parks Department are capable of operating a facility of this size and would not have to contribute profit towards a management contract.

David Greig
G. David Greig, PCSI
DAVID GREIG & ASSOCIATES

Encls.

201 - 2110 West 43rd Avenue, Vancouver, British Columbia V6M 4H5 Telephone (604) 266-4144
Food Service Facility Planners & Management Consultants



Prepared by
DAVID GREIG & ASSOCIATES
Vancouver, B. C.

ITEM 11
DIRECTOR'S REPORT NO. 12

ITEM	12
MANAGER'S REPORT NO.	35
COUNCIL MEETING	86/05/26

BONSOR RECREATION CENTRE
BURNABY, B.C. 120

SALES VOLUME FORECAST

SALES FORECAST BASE YEAR January 1st to December 31st

TYPE OF FACILITY Recreation Centre
 Cafeteria and Function Catering

NUMBER OF SEATS Cafeteria : 60 seats
 Lounge : 30 seats (adjacent)
 Functions : from small meetings to 300 persons
 maximum

DAYS OF OPERATION 352 annually

HOURS OF OPERATION 7:00 A.M. to 10:00 P.M.
 Estimate 2,000 users per day

TURN OVERS (Transactions):

Four equal 88 day quarters

	DAILY	QUARTERLY	ANNUALLY
Breakfast	20	1,760	7,040
Lunch	30	2,640	10,560
Light Dinner	30	2,640	10,560
Snacks	60	5,280	21,120
Miscellaneous Coffee, Confections, etc. (10% of users)	200	17,600	70,400
		TOTAL ANNUAL COVERS	119,680

Note: The above estimate considers 17% of users of the Recreation Centre will patronize the restaurant.



Prepared by
DAVID GREIG & ASSOCIATES
Vancouver, B. C.

ITEM 12
MANAGER'S REPORT NO. 35
COUNCIL MEETING 86/05/26

DUNKIN, B. C.

SALES REVENUE FORECAST

FOOD SALES - BASE YEAR

	NO. COVERS	VALUE	TOTAL REVENUE
Breakfast	7,040	\$ 3.00	\$ 21,120.00
Lunch	10,560	4.00	42,240.00
Evening	10,560	3.50	36,960.00
Snacks	21,120	1.50	31,680.00
Misc. coffee, candy, etc. (10%)	70,400	.75	52,800.00
			<u>\$ 184,800.00</u>

FORECAST TOTAL FOOD SALES

\$ 184,800.00

BEVERAGE SALES ESTIMATE (@ 20% food sales)

\$ 36,960.00

BANQUETS & FUNCTION CATERING -

200 x 50 persons x \$8.00/plate
Does not include liquor service

80,000.00

TOTAL BASE YEAR SALES

\$ 301,760.00

Note:

An unlicensed operation would have estimated sales of \$264,800.00 plus banquet license beverage sales of approximately \$16,000.00, producing annual sales of approximately \$280,800.00.

This projection does not consider coffee service for meetings, nor staff spending. Both will contribute to the sales volume.

STAFF COMMENT:

Because of his predisposition to recommend alcoholic beverage sales in connection with an operation of this kind, the Consultant has included such beverage sales in his forecast above.

He has however also indicated the equivalent sales if the operation was unlicensed as has been decided by Municipal Council.

BONSOR FOOD SERVICE - MUNICIPAL STAFF

ATTACHMENT # II

STAFFING SCHEDULE

122

	<u>Worker</u>	<u>Cook</u>	<u>Worker</u>	<u>Worker/Cook</u>	<u>Worker</u>
MONDAYS	7:00-1:30 (6)	10:30-7:00 (8)	5:00-10:00 (5)		
TUESDAYS	off	10:30-7:00 (8)	5:00-10:00 (5)	7:00-1:30 (6)	
WEDNESDAY	off	10:30-7:00 (8)	5:00-10:00 (5)	7:00-1:30 (6)	
THURSDAY	off	off	5:00-10:00 (5)	10:30-7:00 (8)	7:00-1:30 (6)
FRIDAY	7:00-1:30 (6)	off	off	10:30-7:00 (8)	5:00-10:00 (5)
SATURDAY	9:00-1:30	1:00-9:30	off	off	
SUNDAY	9:30-1:30 (4.5)	1:00-9:30 (8)	off	off	
#hours	21 hr.	40 hr.	20hr.	28 hr.	11 hr.

STAFFING COSTS

Cook	40 hr. x \$9.278 x 19% x 52 wk.	=	\$22,965
Worker/Cook	28 hr. x \$7.434 x 16% x 50 wk.	=	12,073
Workers	52 hr. x \$7.118 x 16% x 50 wk.	=	21,468
Banquets	100 x 2 persons x 2 hr. x 7.118 x 16%	=	3,303
	100 x 4 persons x 4 hr. x 7.118 x 16%	=	13,211
Supervision	50% of \$26,600		13,300
		TOTAL	\$86,320

These staffing costs are scheduled for peak periods. There will be reductions when the centre has a reduced occupant load such as Christmas period, slower summer season, long weekends and the like.

BUDGET PROJECTION

Revenue	-	food sales	<u>264,800</u>
Expenditure	-	Food supplies 38% of sales	100,624
	-	general supplies 6% of sales	15,888
	-	(equipment, aprons, soap, etc.)	86,320
	-	staff costs	
TOTAL			<u>202,832</u>
NET		23.4% sales	<u>\$61,968</u>
Finance dept. costs		\$13,752	
Debt repayment		\$33,291	
NET			<u>\$14,925</u>

ITEM

DIRECTOR'S REPORT NO.

COMMISSION MEETING

11

12

86 05 21

ITEM	11
DIRECTOR'S REPORT NO.	12
COMMISSION MEETING	86 05 21

ITEM	12
MANAGER'S REPORT NO.	35
COUNCIL MEETING	86/05/26

CONSTRUCTION AND EQUIPMENT COSTS

1. Construction cost 2,000 sq. ft. at \$65/sq. ft.
(estimate from C.J.P. 1986 May 14) 130,000
2. Equipment cost including millwork
(estimate from David Greig, 1986 May 14) 95,000
3. Furnishing cost
(estimate from staff research) 31,200

TOTAL \$256,200

ITEM
MANAGER'S REPORT NO.
COUNCIL MEETING

12
35

86/05/26

ATTACHMENT III

THE CORPORATION OF THE DISTRICT OF BURNABY .

124

INTER-OFFICE COMMUNICATION

TO: DIRECTOR RECREATION & CULTURAL SERVICES 86 05 15
FROM: DIRECTOR FINANCE FILE: A81-10-17
RE: BONSOR RECREATION CENTRE FOOD SERVICE SALES PROJECTIONS

The consultant's projections are based upon an average daily attendance of 2,000; an estimate provided by your staff which is based on a directly proportional relationship between the size of Bonsor Recreation Centre and Cameron, and the current daily attendance at Cameron. This direct scale-up approach ignores factors such as the respective neighbouring population, the impact of other facilities in New Westminster and Vancouver, and the effect of Metrotown, in other words, doubling the total square footage may not necessarily result in doubling capacity or attendance.

To determine the sensitivity of estimated daily attendance upon operating profit for the proposed food service facility, three operating budgets were developed based upon 80%, 90% and 100% of estimated daily attendance, all other factors remaining constant. The attached 'Schedule A' shows the three projected operating profits and net profit (loss) positions when payback on capital investment and incremental Finance Department costs are included. The projections indicate that operating profit will change approximately \$10,000 for every 10% change in daily attendance.

The combined net loss of both Bonsor and Cameron food service facilities is approximately \$10,000, \$20,000 and \$30,000 at 100%, 90% and 80% of projected daily attendance respectively. This is only a rough estimate because no allowance has been made for increased janitorial costs, increased administration, commissions on charge sales, cash register and Loomis pickup costs, etc.

DIRECTOR FINANCE



Per: George H. Price

GHP:ah
Attach.

cc. Superintendent, Income Facilities

ATTACHMENT III

SCHEDULE A
 BONSOR FOOD SERVICES
 ANALYSIS OF PROPOSAL

	PERCENTAGE OF ESTIMATED ATTENDANCE		
	100%	90%	80%
Cost/Serving	704,000	634,000	563,000
Projected annual attendance			
Projected food sales			
Breakfast	1% \$3.00	\$19,020	\$16,890
Lunch	1 1/2% 4.00	38,040	33,780
Evening	1 1/2% 3.50	33,285	29,558
Snacks	3% 1.50	28,530	25,335
Coffee, candy, etc	10% .75	47,550	42,225
Restaurant food sales	\$184,800	\$166,425	\$147,788
Banquet & catering sales	80,000	80,000	80,000
Total forecasted food sales	\$264,800	\$246,425	\$227,788
	=====	=====	=====

Recomputed Budget Projections Using 100%, 90%, 80% of Estimated Attendance

Revenue, per consultant's report \$264,800 \$246,425 \$227,788

Expenditures

Food supplies, 38% of sales \$ 93,642 \$ 86,559
 General supplies, 6% of sales 14,786 13,667
 Staff costs (including supervision)(1) 86,320 86,320

\$202,832 \$194,748 \$186,546

Operating Profit \$61,968 \$51,677 \$41,242

Payback on capital investment(2) 33,291 33,291 33,291

Finance Department incremental costs 28,677 18,386 7,951
 13,752 13,489 13,192

Net Profit (Loss) \$ 14,925 \$ 4,897 \$ (5,241)
 =====

Conclusion: Operating profit decreases by approximately \$10,000 for every 10% drop in projected attendance (usage rates remaining constant)

Bonsor net profit (loss) \$ 14,925 \$ 4,897 \$ (5,241)
 Cameron net loss (24,785) (25,048) (25,345)

Combined net loss \$ (9,860) \$(20,151) \$(30,586)
 =====

1. staffing costs provided by Don Hunter.
2. capital costs provided by Don Hunter (equipment and setup of \$95,000 furnishings of \$31,200 = \$126,200 at 10% over 5 years = \$33,291 yearly)

