

THE CORPORATION OF THE TOWN OF GEORGINA

COUNCIL ADDENDUM 1

Wednesday, September 21, 2016
9:00 AM

12. REPORTS

(2) REPORTS REQUIRING SEPARATE DISCUSSION

Reports from the Recreation and Culture Department:
Pages 1-8

(G) The ROC Catering

Report No. RC-2016-0028

Recommendation(s):

1. That Council receive Report No. RC-2016-0028 prepared by the Recreation Services Division dated September 21, 2016 respecting The ROC catering.
2. That Council adopt the proposed recommendation of the removal of the Town-provided catering service from the overall operations at The ROC effective as of January 1, 2017.

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT RC-2016-0028

**FOR CONSIDERATION OF
COUNCIL
SEPTEMBER 21, 2016**

SUBJECT: THE ROC CATERING

1. RECOMMENDATION:

- 1 That Council receive Report No. RC-2016-0028 prepared by the Recreation Services Division dated September 21, 2016 respecting The ROC catering.**
- 2 That Council adopt the proposed recommendation of the removal of the Town provided catering service from the overall operations at The ROC effective as of January 1, 2017.**

2. PURPOSE:

To receive Council approval for removing the Town provided catering service from the overall operations at The ROC chalet.

3. BACKGROUND:

Similar to the recent review of The ROC Canteen operations, The ROC Catering services warranted a similar analysis. With the demand for rentals at The ROC increasing, it is important to review the viability of the catering function continuing as a municipal service.

Catering services have been part of The ROC operations since the opening in 2012. The number of catered special events such as weddings are increasing each year. In 2015, The ROC hosted 30 successful catering functions.

Year	# of Catered Functions
2012	8 (0 weddings, 8 others) i.e. birthdays/meetings/special events
2013	18 (3 weddings, 15 others)
2014	19 (7 weddings, 12 others)
2015	30 (14 weddings, 16 others)

2016 (to date)	31 (15 weddings, 16 others)
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As demonstrated in the above table, the catering service is increasing each year however, delivering the high standard of expected service is becoming more demanding and difficult with the staff complement in the current structure.

In order to test the market, staff issued a Request for Proposal (RFP) in October 2015 which was seeking a third party caterer to submit a proposal to take over the catering operations at The ROC. This RFP resulted in zero submissions from interested parties, therefore, staff returned to evaluating our options. As the busy catering season takes place typically from May to September, staff used this time to evaluate the current catering operations.

The Town operated catering function has received positive comment from the users. However, it is important to evaluate the efficiency of the model from a cost analysis, risk analysis and a resource perspective. Catering is not a typical core municipal service.

All rental bookings received for 2017 have been advised that the catering service is currently under review and that notification will be given to all users once a decision is made to confirm the Town's direction with offering the catering service. The Town has not committed to any catering services for 2017.

4. ANALYSIS

The current staff model for the catering service is comprised of an Event and Cafeteria Supervisor (full time), 10 Banquet Servers (seasonal) and two Cooks (seasonal). This model is considered to be short staffed as demonstrated by the overtime hours incurred by the current staff. Ideally, the staff model should consist of an Events and Cafeteria Supervisor (full time), 10 Banquet Servers, one Dishwasher, four Cooks and one Sous Chef.

Recruitment of qualified and reliable staff has proven each year to be a challenge which adds extreme pressure to the current staff to continue to deliver high quality service while shorthanded. The lack of guaranteed hours and being a seasonal role adds to the difficulty of recruiting the qualified staff.

The current model is very dependent on the Supervisor and therefore creates risk from a business continuity perspective should the supervisor become unavailable to complete the duties.

Every indication is that the popularity of the location will still exist even with the removal of the Town provided catering service. With the removal, the location will provide the user the opportunity and flexibility of selecting their choice of caterer and menu to meet their event needs or the choice of bringing in trays from local grocery stores such as a veggie and fruit tray for meetings. Staff are confident that removing the catering service will have minimal impact on the number of rentals.

If the catering service was approved to be removed as a Town service, the marketing team would highlight the amount of flexibility and opportunities of customizing a celebration to suit each client's specific needs by welcoming their own planner and caterer to complete their special day.

4.1 Revenue Comparison:

Items	The ROC		Snow Valley		Southshore Community Centre (Barrie)	
Facility Rentals	\$637.60	Includes table and chairs, no access to the kitchen	\$1300.00	Includes standard table linens, dinnerware, glassware and cutlery (min 125 guest booking) taxes and gratuity not included	\$1128.32 (Fri/Sat/Sun rates) \$564.82 (Mon-Thurs rates)	Includes table and chairs, equipped with warming oven, fridge, beverage fridge and bar. Linen, cutlery and chair covers are NOT provided
Buffet Menu	\$36.95pp	Classic includes meal, late night platter, white china, silverware, glassware, white table linens, black overlays, black linen napkins and white chair covers	\$36.95pp	Snowdrop (strictly meal)	n/a	Renters responsibility
Total (125 guest)	\$5,256.35		\$5,918.75		\$1,128.32 (plus 3 rd party contract costs)	

The revenue comparison confirmed that The ROC pricing for the basic buffet menu full package was slightly below a similar facility such as Snow Valley with a difference of \$662.40 before tax and gratuity.

City of Barrie's Southshore Community Centre is also similar to The ROC with beautiful landscaping and is a stand-alone facility not a multi-use facility which offers the privacy for the special event. Through the comparison above it was identified that when comparing Georgina's facility rental to Barrie's facility, excluding catering since it is not a service provided by Barrie, Georgina's price is approximately 50 percent lower than the other municipality.

4.2 Option Considerations

There are potentially three options that came to light during this review of service. Staying status quo, RFP for third party caterer or simply rent the facility and allow outside caterers to attend functions similar to current service at other Town facilities and that is offered by the City of Barrie.

Option 1: STATUS QUO – TOWN OPERATION
- Hiring of a full team would be required consisting of review of wages and initiatives to recruit
- Reviews of all services provided and ensure fees are applied to capture all costs.
- Catering has grown since the opening of The ROC. Each year the business is expanding which requires a complete revamp of the packages and services.
- Redesign of the kitchen to better accommodate catering needs
- Town is solely responsible for quality of service
Option 2: RFP FOR THIRD PARTY PREFERRED CATERER
- Scope of work determined for third party
- Value of the product (client list, marketing with Town) determined to identify price point for lease agreement
- Discussions on how the new partnership will be managed (menu and price points from cater and rental contract including catering paid to Town – Town issue cheque minus lease amount to cater per month)
- ROC Food, Beverage & Events Supervisor contract ends – Review position moving forward (potentially more of an Administrative Coordinator)
- Partnership would still link the Town to the catering – good or bad
- Revise Supervisor position to suit revised role
- Include plus tax & gratuity with each pricing package
- RFP will need to be prepared; interest unknown
Option 3: FACILITY RENTAL ONLY - REMOVE TOWN OFFERED CATERING SERVICES – RECOMMENDATION
- Operate like all other Town Facilities – space provided and operators to man the facility during event
- No setup from staff; responsibility of the renter (unless the user pays for the new proposed special events facility fee)
- Permit outside caterers in the facility
- Revise Supervisor position to suit revised role
- Removes the Town's risk from being responsible for the quality of the catering service. The impact is reduction of reputational damage to the Town.
- Revenue will reduce; however, the loss will be minimal by reducing expenditures in the overall budget. Staff anticipates full cost recovery on this part of the operation.

4.3 Cost Analysis of Options

Catering is utilized to service Weddings, Special Events, meetings, etc. In order to consider the financial impact, staff completed a cost analysis for a typical wedding utilizing the three options (staying status quo, 3rd party preferred caterer or facility rental only) outlined above in addition to following the values and objectives within the approved ROC Business Plan:

Values:

- Affordable
- Provide dynamic service excellence; friendly and helpful; meet customer needs through high quality customer service.
- Clean and well maintained facilities.
- Be a leader in the delivery of high quality programming for all ages and abilities.
- Create quality experiences by continuously improving.

Objectives:

- Increase revenue generation per year and meet budget expectations.
- Increase usage and awareness.
- Become an established community destination
- To create a service-based campus that will exceed customer's expectations.

A full summary of the hard costs is captured in Attachment 1.

	Option 1	Option 2	Option 3
	Town Operated Catering	3 rd Party Caterer	No Catering (Facility Rental only)
Revenue	\$5,256	\$887	\$637
Expenditures	-\$5,917	-\$993	-\$702
NET	-\$660	-\$106	-\$65

Through this analysis, it was identified that the current expenditures of a typical wedding exceed revenues by \$660.69. As can be seen from Section 4.1 Revenue Comparison there is approximately a \$662.40 revenue gap between the Town and Snow Valley. If staff were to close that gap of \$662.40, The ROC facility and catering package would be operating at a breakeven and remain competitive. However, although the loss would be mitigated to a break even model, staff are still faced with addressing business continuity. The fragility of our supervisory model and the difficulty in recruiting and retaining seasonal staff would need to be overcome and would therefore move us into a net loss position. To obtain the recommended staffing model, the expenditures would need to increase significantly therefore causing the need for the revenue to also increase and ultimately pricing our product out of the market.

4.4 Other Considerations

- It is important to note, that with the removal of the Town operated catering services, future Town events, meetings, etc. would be required to out-source in order to service their needs.
- Following the review and to mitigate financial loss and risk, staff recommends option three as the best solution moving forward for Council to approve. Recruitment and retaining staff to deliver the catering service is a major concern. Additional funds and increased rental rates would need to be acquired to ensure a positive financial outlook.
- Another concern of continuing the catering service is the functionality of the kitchen. When the kitchen was designed, it was designed as a Cafeteria, which means quick food ready items not gourmet typical of the winter operation service. There is a lack of space for prep area, lack of fridge space and lack of oven/burners.
- The recommendation of the removal of the catering service will have no impact on the winter operations. The cafeteria will be operational as normal during the winter season.

5. FINANCIAL ANALYSIS AND BUDGET IMPACT

With the removal of the Town operated catering service, the revenue and applicable expenditures will be reduced resulting in a more favorable budget for The ROC.

Through the analysis, staff would be recommending an increase to the Rental rate and a new fee to capture the extra service (setup/take down/linens) for The ROC to recover direct facility rental costs. This recommendation would be presented in the Recreation and Culture User Fee By-law report.

6. PUBLIC CONSULATION AND NOTICE REQUIREMENTS

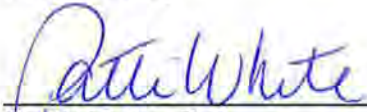
Not Applicable

7. CONCLUSION

The ROC catering team has done a tremendous job with all of the catering events held at The ROC to date. Multiple positive reviews have been received, however, reviewing the financial analysis, the difficulty in recruiting staff, issues with business continuity and the functionality of the kitchen, the staff recommendation would be to remove catering from being a Town function.

The Town is known for providing well maintained facilities and should continue to focus on that core service.

Prepared by:



Patti White, B.A.
Manager of Recreation Services

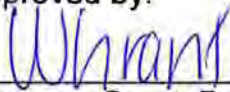
Recommended by:

Robin McDougall, B.A. KINE, DPA
Director of Recreation and Culture

Recommended by:

Dan Pisani, P. Eng.
Director of Operations and Infrastructure

Approved by:



Winanne Grant, B.A., AMCT, CEMC
Chief Administrative Officer

- Attachment 1, Cost analysis of a typical wedding at The ROC, three options

The ROC - A Typical Wedding
Cost Analysis

	Town Operation (Option 1)			3rd Party Preferred Cater (Option 2)			No Catering (Option 3)		
	Option 1	Price	Notes (1)	Option 2	Price	Notes(2)	Option 3	Price	Notes(3)
Catering (per person)	Town	\$ 4,618.75	\$36.95 pp x 125 guests	3rd party	\$ -	\$36.95 pp x 125 guests - revenue given to 3rd party	n/a	\$ -	Renter brings in own cater
Preferred Cater Agreement	n/a	\$ -		Town	\$ 250.00	7 months agreement as preferred cater - Apr-Oct (500 pr mth=3,500 - 2 wedding per mth)	n/a	\$ -	third party
Gratuity	n/a	\$ -			\$ -	18% - 831.38 - given directly to 3rd party		\$ -	third party
Facility Rental	Town	\$ 637.60	12hr licensed event	Town	\$ 637.60	12hr licensed event	Town	\$ 637.60	12 hr licensed event
Rental Linens & Place Setting include setup	n/a	\$ -	currently no charge - included with catering charge	n/a	\$ -	currently no charge - included with catering charge - create a 400 rental fee	Town	\$ -	currently no charge - included with catering charge - create a 400 rental fee
Total Revenue		\$ 5,256.35			\$ 887.60			\$ 637.60	
Recreation Clerk	Town	\$ 29.40	1 hours in total for completing permit - \$29.40	Town	\$ 29.40	1 hr in total for completing permit	Town	\$ 29.40	1 hr in total for completing permit
Supervisor	Town	\$ 1,529.00	22.00 per hour x 69.5hrs	Town	\$ 132.00	act as host and liaison - 6hrs x22.00 per hr	Town	\$ 44.00	act as host onsite during setup - 2hrs x \$22.00/hr
Part Time Staff	Town	\$ 1,622.00	cooks, servers, maintenance, sous chef	3rd party/Town	\$ 270.00	3rd party covers expense - maintenance 2 staff town	Town	\$ 270.00	maintenance - 12 hr wedding 2 staff x 11.25
Other Payroll Costs	Town	\$ 636.08	times 1.2	3rd party/Town	\$ 86.28	times 1.2	Town	\$ 54.00	times 1.2
Food	Town	\$ 1,625.09		3rd party	\$ -	3rd party expense	3rd party	\$ -	3rd party expense
Beverage	Town	\$ -	coffee/tea included in food costs	3rd party	\$ -	3rd party expense	3rd party	\$ -	3rd party expense
Plates	Town	\$ 20.00	initial capital expense - replacement value	Town	\$ 20.00	initial capital expense - replacement value	Town	\$ -	no charge unless client pays for the rental of the items
Glassware (Water & Wine)	Town	\$ 20.00	initial capital expense - replacement value	Town	\$ 20.00	initial capital expense - replacement value	Town	\$ -	no charge unless client pays for the rental of the items
Cups and Saucer	Town	\$ 20.00	initial capital expense - replacement value	Town	\$ 20.00	initial capital expense - replacement value	Town	\$ -	no charge unless client pays for the rental of the items
Cutlery	Town	\$ 20.00	initial capital expense - replacement value	Town	\$ 20.00	initial capital expense - replacement value	Town	\$ -	no charge unless client pays for the rental of the items
Table Linens	Town	\$ 30.00	initial capital expense - replacement value	Town	\$ 30.00	initial capital expense - replacement value	Town	\$ -	no charge unless client pays for the rental of the items
Linen Napkins	Town	\$ 30.00	initial capital expense - replacement value	Town	\$ 30.00	initial capital expense - replacement value	Town	\$ -	no charge unless client pays for the rental of the items
Chair Covers	Town	\$ 30.00	initial capital expense - replacement value	Town	\$ 30.00	initial capital expense - replacement value	Town	\$ -	no charge unless client pays for the rental of the items
Bar	3rd party	\$ -		3rd party	\$ -		3rd party	\$ -	
Cater	n/a	\$ -	in house	3rd party	\$ -	per person menu + gratuity	3rd party	\$ -	
Hydro	Town	\$ 213.18	hydro bill/365	Town	\$ 213.18	hydro bill/365	Town	\$ 213.18	hydro bill/365
Gas	Town	\$ 27.26	gas/365	Town	\$ 27.26	gas/365	Town	\$ 27.26	gas/365
Water/Sewer	Town	\$ 16.86	water/sewer/365	Town	\$ 16.86	water/sewer/365	Town	\$ 16.86	water/sewer/365
Telephone	Town	\$ 21.77	telephone/365	Town	\$ 21.77	telephone/365	Town	\$ 21.77	telephone/365
Cleaning Supplies	Town	\$ 11.89	year charge/365	Town	\$ 11.89	year charge/365	Town	\$ 11.89	year charge/365
General Stationery & Office Supplies	Town	\$ 14.51	year charge/365	Town	\$ 14.51	year charge/365	Town	\$ 14.51	year charge/365
Total Expenses		\$ 5,917.04			\$ 993.15			\$ 702.87	
Net Profit/Loss		-\$ 660.69			-\$ 105.55			-\$ 65.27	