



The Corporation of the Town of LaSalle

Date	November 19, 2018	Report No:	C & R 18-21
Directed To:	Parks and Recreation Committee	Attachments:	
Department:	Culture and Recreation	Policy References:	
Prepared By:	Director of Culture and Recreation		
Subject:	Concession Operations Review		

RECOMMENDATION:

That the report No. C&R 18-21 from the Director of Culture and Recreation dated November 19, 2018 recommending that an RFP be posted to gauge options regarding the Vollmer Concession Operations BE APPROVED.

REPORT:

The Culture and Recreation Department is responsible for Concession Operations and Hospitality Budget. Staff have noted deficits within hospitality and have been focusing on operations adjustments to work within a more successful business plan. A focus to minimize expense and reduced operational expenditure was rolled out in the fall of 2017 in an attempt to decrease the loss and maximize the revenue.

Below is a year by year review of the Concession operations including revenues and expenses. The Operating Expense listed includes the annual wages, as well a separate column is provided to breakout and highlight the wage expense and percentage it is to the overall cost of operations.

YEAR	TOTAL REVENUE	OPERATING EXPENSE	BUDGET IMPACT	*expense includes wages
2010	\$244,000	\$246,500	+ \$ 2,500	\$ 99,500 (40%)
2011	\$228,000	\$210,700	+ \$17,300	\$ 90,000 (43%)
2012	\$200,000	\$190,000	+ \$17,300	\$ 77,300 (41%)
2013	\$186,300	\$195,800	- \$ 9,500	\$ 89,900 (46%)
2014	\$165,000	\$163,300	+ \$ 1,700	\$ 78,000 (48%)
2015	\$163,100	\$171,200	- \$ 8,100	\$ 76,700 (45%)
2016	\$169,100	\$194,600	- \$25,500	\$ 81,900 (42%)
2017 *includes outdoor concession	\$170,000	\$197,000	- \$27,000	\$101,000 (51%)

There had not been a concession operation review for almost 4 years when the new Director of Culture and Recreation started in 2017. In the summer of 2017 the Director met with the

Supervisor and Team Leader to address operations, review losses, explore inventory options and adjust processes with a new business plan to reduce the expense and increase the revenues. The attempt was to decrease the deficit and be cost neutral by the end of 2018.

At the end of **2017**, the budget showed that the Concession operated at a **\$27,000 deficit**. The wages were \$101,000 and approximately 51% of the cost incurred. The increase is due to the addition of the new outdoor concession and staffing 7 days/week to assist with splash pad and pavilion use. This resulted in a significant increase in wages and overall rise in expenses. However, adjustments were initiated in the fall of 2017 at the Vollmer Concession operations that provided a reduction in overall expense assisting in minimizing operating hours, scheduling/wages, concession inventory costs and spoilage causing lost revenues. The monthly operations were tracked by the Team Lead 1 comparing year-to-date and annual monthly sales which was used to assist in the 2018 budget planning process. If the operations of the Outdoor Concession were removed from the overall 2017 concession budget there would be an approximate **deficit of \$10,500**.

Although improvements were made to the business plan in **2018**, the Concession budget again had challenges as Bill 148 increased the minimum wage as of January 1/2018 and elevated the overall cost to concession wages approximately \$3/hr as well as a residual increase to product pricing. The outdoor concession operated in the summer months with significantly fewer staff compared to 2017 in an attempt to reduce the operational expense and had an increase of overall sales. There were no changes to the menu in the Winter and Spring of 2018 from the Fall 2017 adjustments. However, after the new Team Lead 1 for Concession started at the end of the summer, further review and tweaking was conducted with the menu items, specials and sizing options. A coordinated effort with staff to improve inventory controls, reduce waste and create specials will assist in further reduction in expense and a focus on maximizing revenues. Currently, the preliminary *predicted* budget impact is *approximately* a **\$29,000 deficit** for Concession in 2018. Wages will be approximately 51% of the overall annual cost. If the outdoor concession operations is removed the budget reflects a predicted **deficit of \$21,000**.

Staff are recommending that an RFP be released to gauge options for operations of the Vollmer Concession and report back to Council. The impact would be on the 2019 operating budget and would aim to reduce the amount of deficit and possibly generate revenue from rent or an operating contract. Currently, the Town of Essex, Kingsville, Leamington and City of Windsor contract their concession operations out. Lakeshore, Amherstburg and Tecumseh run their own with part time staff. With increases to minimum wage and product costs it is a good time to investigate what options are currently available and gauge interest for an outside agency to operate the Vollmer Concession. Staff would ensure that hours of concession operation remained similar and support the user groups and events booked at the Vollmer. The RFP would not include outside concession as this assists with site specific duties that include scanning washrooms, splash pad and pavilion areas due to rentals, weather and use. Staff recommend that the RFP for Vollmer Concession Operations have a start date of April 1st to avoid any interruption with major users such as Minor Hockey, Figure Skating or Vipers.


DIRECTOR OF CULTURE AND RECREATION

Reviewed by:							
CAO	Treasurer	Clerks	Env. Services	Planning	Parks & Rec	Building	Fire
							