

Profitable Food Facilities Worldwide

City of Traverse City Food & Beverage Review



Traverse City, Michigan September 2019

THERE IS AN ART TO CREATING SUCCESS IN FOOD AND BEVERAGE. IT IS OUR MISSION TO TRANSFORM YOUR OPERATION FROM ITS CURRENT STATE INTO ITS FUTURE POTENTIAL.

Company Highlights

Profitable Food Facilities Worldwide (PFFW) is a food and beverage consulting firm specializing in kitchen design and operations' evaluations for captive market venues including, but not limited to, Park and recreation agencies, public golf courses, sportplexes, catering operations, outdoor aquatic facilities, ski resorts and health/day spas.



Established in 1991, PFF has a client base numbering over 650 projects in 48 states, Canada, Jamaica, Asia, Australia and the Middle East.

Consultant Highlights

Mike Holtzman is President and CEO of PFFW. He has been working with park districts on food and recommendations and maximizing city revenues for the past 27 years. Mike offers a vast amount of F&B knowledge to educate and develop your team and transform your food and beverage operations from an amenity to revenue generating facilities. His firm has also completed more than 150 projects with Park & Recreation agencies across the country.

Scott Steele started with PFFW in 2009 and is now in his 10th year with PFFW. Working for Disney and being the youngest manager at The Cheesecake Factory, Scott brings a high level of customer service and operational experience to this project. Scott takes the lead on all Construction Management projects as PFFW's Lead Designer for all AutoCAD drafted projects with an attention to detail and a wealth of knowledge in equipment specifications and needs.

Operating Highlights

PFFW performed a recent site visit September 10th and 11th, 2019 to tour and gather historical and current operational data for analysis on the F&B facilities at Hickory Hills Ski Area and Duncan L. Clinch Park overseen by the Parks and Recreation Department. The goal of this visit was to create a strategic plan for both these entities to maximize revenue for the city while providing a great service to the community. Additionally, PFFW was asked to make design recommendations on the Hickory Hills Ski Area kitchen.

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Executive Summary

Profitable Food Facilities Worldwide (PFFW) was contacted by the Parks and Recreation Team at the City of Traverse City Michigan (COTC) to review and make recommendations on the Food and Beverage (F&B) operations at two of their locations; Hickory Hills Ski Area (HHSA) and Duncan L. Clinch Park (Clinch Park).

The goals for our visit were...

1. Suggestions for a menu that will work with our space, customers and the budget at each location
2. Kitchen layout and equipment recommendations based on suggested menu recommendations for Hickory Hills Ski Area
3. Feasibility and recommendations of running each operation in-house or best practices for how to maximize revenue from a vendor operation.
4. Staffing and operation recommendations to execute profitable F&B operations

PFFW met with Derek Melville, the Parks and Recreation Superintendent, and Tim Lodge, the Parks and Recreation City Engineer, on September 10th and toured the HHSA. The building itself was stunning but the kitchen was poorly designed with little working space to cook, plate or serve food. As a result, the menu offerings were lacking and the servicing of those items was slow, combined with the fact that it opened mid-season made for a bad first impression on an operation that can do very well.

The menu for this location should be a fresh, hand dipped chicken tenders, Caesar salad, funnel cakes, homemade desserts, soft serve and a simple pizza type of operation. All of these items should be made in house and absolutely knock your socks off with quality and value. The report includes 3 options for the kitchen layout and equipment to execute the recommended menu that can be phased in, to maintain a tight budget, so that you can build to the end result of Option 3, which would be the absolute best use of space. The Parks and Recreation Team should take over the HHSA F&B operation and run it in-house to maximize the revenue for the COTC. Staffing and operating the facility would be set up so that anyone could run this concession well and PFFW also has the ability where our services can be included to assist with the opening of the operation and training of the staff. Derek also mentioned a good option for getting some staff at HHSA with a local non-profit.

On September 11th PFFW met with both Derek and Tim again to review our findings at HHSA, as well as visit and review Clinch Park. This operation is a gold mine and is located on a beautiful strip of beach that gets packed with visitors and locals during the summer. The operation doesn't have a traditional hood built in so the menu showcases a lot of ice cream and smoothies. PFFW was told that the vendor does grill outside on a few key days which is something we would highly recommend.

The menu at this location should be a fresh grill operation with burgers, fries, shaved ice and soft serve ice cream. The grill should be kept outside and operated all season. There are self-contained hood options that would save a tremendous amount of money and will allow us to add fried items like fries to the menu which are a high demand. Ultimately PFFW believes that Clinch Park should be operated in-house but because the Parks and Recreation team doesn't currently have any F&B locations they operate, starting with HHSA which has a shorter season and fewer guests would be a better way to learn the business. The same rules with staffing and operations apply here except that once you take on both operations it will be important to add a Full Time Employee (FTE) to the team to be the F&B Manager of all Parks and Recreation F&B Operations.

This is a big decision for COTC because implemented properly, the Parks and Recreation will see hundreds of thousands in revenue and profits. We believe that both locations have the potential to be very lucrative and are a great way to engage in the exciting world of Food and Beverage. PFFW is always available if you have any questions or concerns.

Hickory Hills Ski Area

Hickory Hills Ski Area has a beautiful brand new building the services its guests with admissions, ski rentals and of course, food and beverage. Over 15,000 skiers with more than 400 season pass holders enjoy the course in the average 75 day season



from the Friday before Christmas to the second Saturday in March. The Ski Club is very active and extremely invested in this location and its success. The F&B operation is currently run by a vendor as part of a package with the Clinch Park

concession. The vendor complains that this location operates at a loss and with the current equipment package it would be tough for anyone to be successful. The layout of the concession does not have an efficient flow and it lacks any space to assemble the cooked food for delivery to the guest. The back of the house (BOH) has equipment that is either outdated or equipment that is not needed for the type of offerings that the average skier is looking for. There are two countertop 15lbs fryers that do not produce enough product for an average day. There is a 6 Burner that isn't the correct piece of equipment for many of the current offerings. Lastly the deck, pizza oven is very outdated and doesn't produce a finished pizza fast enough to handle the demand. There is very little signage to inform the guest that this is a F&B location and the service area is tucked away around a corner, not in the center of the foot traffic. The seating area is beautiful but doesn't allow for enough seating during a rush.

The current menu provided by the vendor struggles with a lack of value and quality. Many of the items are made ahead of time and held in a warmer or crockpot and water that doesn't maintain the quality needed to be successful. The times the vendor tried to cook to order, the wait time was extremely long. Anything not made ahead of time is all pre-packaged which the average guest sees no value in. The menu itself doesn't have any menu engineering guiding the guests' choice to the item you want to serve them. Having items on the menu that are \$2.50 and under give the guest the wrong impression of the food being sold. If your menu looks cheap, then your food appears cheap too.



Hickory Hills Ski Area Recommendations:

1. Suggestions for a Menu that will Work with our Space, Customers and the Budget at Each Location

Menus are the single most important item in any F&B operation because it is the only thing you have 100% control of. We call the menu the “Million Dollar Document” because a menu can be the determining factor in whether your operation does 500k or 1 million in sales. So it is imperative that you spend focused time and energy into your menu and every item on it. Remember to play to your customers, the demand is for what they want to eat, not necessarily what you want to cook. That also doesn’t mean you should offer every item that guests ask for. The goal is to have a small menu made up of items that knock your socks off, are made quickly and make you a ton of money. The question you have to ask yourself is if adding an item will increase sales or just cannibalize. If you didn’t have that item, would they walk away or would they pick something else on the menu?

“Holy Trinity” of F&B! – All Items on Menu MUST...

1) Be Delicious

- *The item must be rated high when tasted*
 - *8.5 (or better) out of 10*

2) Be Executable

- *The item must be completed within acceptable timeframe from ticket to guests table*
 - *7 mins for Appetizers – 10 mins for Lunch – 17 mins for Dinner*

3) Be Profitable

- *The item must be under acceptable food cost percentage*
 - *33% or less for Captive Market operations*

If the item doesn’t meet ONE of these criteria, it CANNOT go on your menu!

Do Your Homework! – Recipe Sheets

Recipe Sheets - Every menu item you want to offer must have a recipe sheet completed. This will help with the consistency of the item being created by staff. A lack of consistency is the biggest cause for F&B failure.

- *This sheet should include a breakdown and portions of every ingredient in that dish*
- *This sheet should include the time it takes and a picture of the completed dish*
- *This sheet should be done for not only menu items, but prep items as well*

The guest has to know that they will get the same quality, look, taste, EVERYTIME or they will not return!

Fail to Plan, Plan to Fail! – Food Costing

Now that we have the Recipe Sheets, we must do a theoretical cost of goods sold (COGS) for each item. In order to keep profits up and prices affordable for customers, each item on your menu should be priced accordingly to determine the actual amount it costs you to make the dish. Pricey ingredients will result in pricey menu but this doesn't mean the food you order should be the cheapest available. Quality is one of the most important aspects of creating menu items, but you need to balance high and low food costs to for a reasonable profit margin. As mentioned in above, items should not go on your menu if they cost you more than 33% of what you can charge for that item if you are in a Captive Market location.

The only exceptions to the 33% rule is if an item serves an additional purpose like to enhance the menu and other items, or, if you are doing an add-on to an entrée or meal.

- *Example - Having a Filet Mignon on your menu gives you're menu an upscale feel allowing you to charge a little more for other items but the Filet Mignon could run you 40% in food cost*

- *Example - Adding Dessert to a purchased meal at a heavily discounted rate may run a higher food cost on the Dessert but after the initial purchase, it is more important to increase the per person spend, then maintaining a strict food cost on add-ons*

It is up to you on how detailed you wish to be on your theoretical costs by adding items like napkins, condiments or a wastage percentage but the more you include, the closer your theoretical will be to your actual costs.

Aces in Their Places! – Menu Layout

Once you have completed the first 3 steps above you can now categorize your menu into sub-categories. Below are a few listed, but not limited to...

- *Starters/Appetizers*
- *Burgers/Sandwiches*
- *Kids Menu*
- *Snacks/Desserts*

Now you can finally select the one item from each sub-category that you want to showcase.

HINT: It's the one that makes you the most money because they all taste great and are executable!

The Key to Success is Science! – Menu Engineering

Now is the fun part of laying out your menu, or what is referred to as “Menu Engineering”. This is done by taking your selected “key” items that you want to use proven science to help “guide” your guests to choosing the items that you WANT to sell. There have been studies to show that your guest’s eyes start at the top left

corner of a menu, then top right, then center, then bottom left and finally bottom right. So placement of the “Key” item is very important. Box these “Key” items, make them BOLD, color it in, add a picture, do anything you can to make it stand out. Use your imagination to draw the consumer eye to the item you want them to purchase. Give it a unique name other than just the description (play to your brand’s concept). Then describe this item in detail using words like “amazing”, “delicious”, “world famous”, and “tantalizing”. Furthermore we suggest having your staff push these items as well. When a guest asks which item they would choose they could direct them to the beautifully boxed, bolded, pictured and colorful item on the menu.

Once you have done that, list the remaining items you are going to offer in your sub-category. Do not describe these items and leave them with just the name. Make the font smaller than that of the “Key” item. There are other important factors to “guiding” the guest such as training and staffing. It is much easier, quicker and more efficient if your employees are doing the same motions and steps over and over, like making one item more than any other simply because you highlighted it.

Don’t forget to take a moment and admire the masterpiece you created!

Wait, There’s More! – Additional Considerations to a Menu

Combo vs. A la carte

Whenever possible you should always combo your meals. That doesn’t mean you have to offer fries with every purchase, but you can offer chips and upgrade to fries. We recommend that you don’t even list you’re a la carte items on the menu because we don’t want to do the work for the guest to save a little money. Do not put “Make it a Combo for \$X”, that feels like an upcharge. More than 60% of people order whatever is on the menu, as is. If you have the a la carte option shown, you give them an opportunity to spend less then they would’ve if it wasn’t listed. With that said, we would still offer a la carte items and pricing but only if the guest asks, we aren’t “promoting it” and especially not on the menu.

Nothing below \$2

When you have cheap items, you are perceived as cheap and nobody wants to spend their hard earned money on cheap food. Plus we aren't a 7-Eleven with 1 or 2 employees, we have a full staff we have to cover payroll for and it is hard when we sell items that bring very little money to the bank. So, if you have sides that are less than \$2, they aren't shown on the menu, or make a larger portion as a side purchase that is more than \$2

Hickory Hills Ski Area Suggested Menu

- 7" Personal Pizzas



- Made in-house
- Par-cooked crust; Rich's recommended
- 100% Whole Milk Mozzarella, not a blend
- Taste test the sauce!
- 7" Personal Pizza Box
- Cheese Pizza \$6-\$7
- Pepperoni Pizza \$6.49-\$7.49
- Combo with Beverage \$8.49-\$9.49
- Kid's Meal is Combo offering

- Chicken Tenders

- Made from raw, DRY chicken
- Hand breaded in-house
- Taste test the breading
- Let tenders sit overnight in batter to adhere to tender
- Buffalo Tenders available
- 3 Tenders with Fries \$10.99-\$11.99

- Chicken "Nuggets"

- Take Tenders and cut into chunks, then bread
- Kids Meal \$6.49-\$7.49
 - Includes Fries, Grapes and Drink
- Adult portion is 1/3 larger \$8.99-\$10.99
 - Includes Fries only

- Create a Family Meal

- (2) 3 Tenders with Fries
- (2) Personal Pizza
- (4) Drinks

- (2) Desserts
- \$42.99-\$45.99
- Make HUGE and centered on menu
- Need Signature Item
 - Needs to be big, tasty and expensive
 - \$13.99-15.99
- Chili
 - Made in-house
 - You can have a chili cook off at the Ski Area and best recipe goes on menu
 - Bowl \$4.99-\$6.99
- Fries
 - 3/8" crinkle cut fries, Grade A
 - Stay away from "Stealth" fries
 - 6-8oz of Fries for a side and 4-6oz. with Chicken Tenders
- Brownie/Cookie/Marshmallow Treat
 - Made in-house
 - Portion \$3.50-\$4.99
- Funnel Cake
 - Only available with "Option 3"
 - Batter only requires the addition of water
 - 8" funnel cake with only powdered sugar \$4.99-\$5.99
 - Additional topping; Strawberries, whipped cream, chocolate sauce is \$1
 - Can create a large mold for a signature item that is twice the size and more than twice the price
- Caesar Salad
 - Purchase fresh Romaine and cut in-house
 - Standard Caesar Dressing and Parmesan Cheese
 - Basic Croutons – Without additional flavoring
 - Should be served in a Clam Shell closable container
 - Dressing to be on side so guest can decide amount to use
- Pretzels & Churros
 - Bavarian Pretzels: Salted or Unsalted and Cinnamon Churros ONLY, we do not need flavored churros or specialty pretzels
 - JnJ Snacks provides everything from product, to cooking units and warming holders



- Smoothies
 - Strawberry, Lemonade or Strawberry Lemonade
 - Whole IQF strawberries and blend them into a puree
 - White grape juice for the strawberry smoothie, lemonade for the lemonade and strawberry lemonade
 - Add ice and blend into a 16oz clear cup

- Soft Serve Ice Cream
 - Chocolate, Vanilla or Swirl
 - 8oz Squat Cup \$3.99-\$4.99

- Bottled Water, Gatorade, Fountain Soda
 - Regular 24oz \$2.75-\$2.99
 - Large 32oz \$3.25-\$3.50

- Create a menu and send it to PFFW for review and suggestions

2. Kitchen Layout and Equipment Recommendations Based on Suggested Menu Recommendations for Hickory Hills Ski Area

PFFW has provided 3 options, or phases, for the Hickory Hills Ski Area concession that will maximize the kitchen space that was built. We made every effort to utilize existing equipment from all over the Parks and Recreation Department to control budget and expenditures. Below is a list of the different options and an explanation of what is included and what you benefit from doing these changes.

All options will be provided in a PDF format, scaled to 24" x 36" architectural paper

Option 1 – Overall HHSA budget of \$25,000-\$55,000 (Used – New)

- This is the bare minimum that PFFW would recommend you do to this kitchen
- Utilizes many of the existing kitchen equipment found throughout the Parks and Recreation Department
 - PFFW cannot guarantee the units onsite were in working condition as they were not plugged in or in use
- No wall or hood changes in this option
- PFFW recommends leasing a Ventless Dish Machine from any vendor who supplies dish washing chemicals
 - HHSA cost: \$0
 - Incorporates the dish area requested so HHSA can comply with the “Green Initiative”
- Switches current fryers, which are very undersized, with existing fryers in COTC’s possession
 - HHSA cost: \$0
 - Significantly increase the throughput of the fried items
 - Includes dump station which is critical because we do not have any place to salt the fries
- Add #7 Salad/Sandwich Preparation Table for Salads and Ingredients
 - HHSA cost: \$1,000-\$4,000
 - Unit specified is a recommendation and only its footprint need be exact
 - Ensures all ingredients are within reach
- Add #12 Freezer needed to support the Fryers
 - HHSA cost: \$1,500-\$6,500

- Unit specified is a recommendation and only its footprint need be exact
- Saves time when cooking orders
- Add #14 Wire Shelf for Dry Storage
 - HHSa cost: \$100-\$300
 - Unit specified is a recommendation and only its footprint need be exact and must have 5 Shelves total
- Add #15 Preparation Sink which is required by code
 - HHSa cost: \$800-\$2,000
 - This was accidentally “Value Engineered” out of the plan and was missed by the final walk through inspection
 - It is a requirement to have a Prep Sink in a kitchen space
 - Used to wash off product and as a dump sink
 - Unit specified is a recommendation and only its footprint need be exact
- Add #16 2 Door Refrigerator and #17 2 Door Freezer needed for back up product
 - HHSa cost: \$2,000-\$7,000 per unit
 - Kitchens need to hold over 3 days of product because most purveyors do not deliver on weekends (or there is a fee for that). A kitchen needs to hold enough product for Friday when it’s all delivered, Saturday, Sunday and possible most of Monday depending on when you get your deliveries
 - Units specified is a recommendation and only its footprint need be exact
- Add #19 & #22 (4) Wall Shelving for storage
 - HHSa cost: \$100-\$300 per unit
 - Increases storage in small space
 - Unit specified is a recommendation and only its footprint need be exact
- Add #20 Pizza Oven for a faster, better quality pizza
 - HHSa cost: \$10,000
 - The current pizza oven is old and the new technology makes it basically obsolete
 - Current oven takes 10-15 minutes to cook a pizza, new oven will cook that pizza in under 3 minutes
 - Current oven requires to be placed under hood, new oven is ventless, can be placed anywhere in the kitchen
 - Current oven have a very large footprint, new oven is half the size
 - Current oven requires skill to maintain quality product with rotating the pizza and constant observation, new pizza is press of the button and wait for completion alarm
 - **Exact unit must be ordered and used**



- Add #21 Pizza Preparation Table for Pizzas and Ingredients
 - HHS cost: \$3,000-\$8,000
 - Ensures all ingredients are within reach
 - Unit specified is a recommendation and only its footprint need be exact

- Add #23 Blender for smoothies
 - HHS cost: \$250-\$500
 - Allows us to offer healthy smoothie options
 - **Exact unit must be ordered and used**

- Add #26 Pass-Thru Warmer for speed of execution of pizzas
 - HHS cost \$3,000-\$5,000
 - Needed to allow us to store cooked fries, pizza, etc. for speed of service
 - Unit specified is a recommendation and only its footprint need be exact

- Changes soda dispensing tower to add ice maker above
 - HHS cost: \$0
 - Should be provided by soda vendor

- Vendor provided items at no cost
 - Ventless Dish Machine
 - Coffee/Tea Brewer
 - Hot Cocoa dispenser
 - Soda Tower (with Ice Machine)
 - Pretzel/Churro Oven
 - Pretzel/Churro Warmer

- Existing equipment from around COTC and currently onsite (OS)
 - Clean dish landing table (OS)
 - Soiled dish landing table (OS)
 - Hand sink (OS)
 - 6 burner stove (OS)
 - Fryer with dump station (in Derek's possession)
 - 3 compartment sink (OS)
 - 48" x 30" stainless steel prep table (OS)
 - Ice machine (OS)
 - 60" x 30" stainless steel prep table (OS)
 - Merchandiser, 1 door (OS)
 - If unit belongs to vendor, your soda vendor should provide one at no cost
 - 84" x 24" stainless steel prep table (OS)

Option 2 – Additional HHSA budget of \$3,000-\$5,000 (Used to New)

- This option gets HHSA into the profitable funnel cake business
- No wall or hood changes in this option
- Utilizes nearly everything from Option 1
- Add #8 Funnel Cake Fryer
 - HHSA cost: \$1,500-\$2,000
 - High perceived value for a very minimal cost of goods
 - **Exact unit must be ordered and used**
- Add #9 Refrigerated Worktop
 - HHSA cost: \$1,500-\$3,000
 - Holds all the funnel cake batter and toppings for use
 - Unit specified is a recommendation and only its footprint need be exact



Option 3 – Additional HHSA budget of \$8,000-\$21,500 (Used to New)

- This option is to maximize the efficiency of the POS area and allow more room in the kitchen area which is tight already
- This option gets HHSA into the profitable soft serve ice cream business
- Chute Warmer added to layout where POS were previously
 - HHSA cost: \$0
 - Holds Fries, Chicken Tenders, etc for Cashier to deliver to guest
 - Unit is existing, located with the existing fryer mentioned above
- Add #35 Cabinet Work Table for POS
 - HHSA cost: \$1,000-\$2,500
 - Cheaper than custom millwork
 - Unit specified is a recommendation and only its footprint need be exact
- Add #37 Salad/Sandwich Preparation Table for Salads and Ingredients
 - HHSA cost: \$1,000-\$4,000
 - Unit specified is a recommendation and only its footprint need be exact
 - Ensures all ingredients are within reach

- Add # 38 Soft Serve Machine
 - HHSA cost: \$13,000-\$15,000
 - Offers 2 Flavors and a Twist of both
 - **Exact unit must be ordered and used**



Recommended Timeline for Menu and Remodel

Weeks 1 & 2

- Complete a Rough Draft of the Menu
- Send Rough Draft to PFFW for Review
- Finalize Design choice of Kitchen Area
- Send Chosen Equipment Option to Equipment Dealers for Bid
- Choose which Dealer is Awarded Bid
- Get Bids/Budget from Construction Team on Cost to Remodel Space

Weeks 3 & 4

- Make Recommended Changes to Menu and Send Final Draft to PFFW for Approval
- Receive Approval and Source Printing of Menus
- Receive Final Bid for Equipment and Order (Need 4-6 weeks for order)
- Sign all Construction Bids and Needs

Weeks 5 & 6

- Conduct MEP Walkthrough
- Create a Gantt Chart Timeline for the Remodel
 - Last Chance to Make any Changes to Design

Weeks 7 & 8

- Begin Construction on Concession
- Be onsite during Demo to be on top of any changes that may arise
- MEP Rough Ins are Completed

Weeks 9 & 10

- Kitchen Equipment Arrives & is Installed
- Have Soft Opening and Grand Opening of Kitchen
- Call PFFW and Let us Know How Great the Kitchen is!

3. Feasibility and Recommendations of Running Each Operation In-House or Best Practices for how to Maximize Revenue from a Vendor Operation

The question to operate Food and Beverage in-house or Vendor it out is one that every Parks and Recreation worldwide asks. Many times they have very knowledgeable people when it comes to programming and facilities but F&B is a completely different animal and one that strikes fear into most people's minds. F&B is looked at as a headache and problem area because the thing most people complain about is the food and the potential of serving bad, raw, harmful food. In actuality, F&B is like every other department where once you are given the tools and knowledge to operate it correctly, it can run very smoothly. The struggle people have is that there are no manuals and instructions on how to set up a successful efficient kitchen. But your decision to partner with PFFW has opened your team to the possibility of making some serious capital in F&B.

PFFW almost always recommends that you take the F&B operations in-house and there are some simple reasons no matter how strong the relationship starts with the vendor, it will almost undoubtedly become an "us vs. them" scenario for the simple reason that the motives of each party are completely opposite. City run operations are all about the guest experience and community usage. The vendor is all about profit and making money, neither are wrong and both are right. Because of this, the vendor will...

- Charge more money for the items on the menu than the community wants to be charged because their tax money built this and they believe it should almost be free at times
- Close early when there's no money to be made, where the City will hear the complaint of the one person who wanted food
- Not open for some events where there isn't a high attendance
- Always complain they aren't making enough money (and if they aren't complaining you need to charge them more!) and the City feels they aren't making enough money from the vendor AND that the vendor is making too much money off their building, services and community

Additionally, the amount of money that you can make from a vendor is a drop in the bucket compared to the potential of running it in house. If you MUST vendor the operation out, the best potential for both the vendor and the city is a percentage of sales. This way, if there is a bad season with weather or other forces of nature the vendor doesn't have to pay more than what they made and conversely, if it is a perfect season then both parties make out well and profit from it. To do this, you MUST have access to their books and you do have to audit them periodically.

So what is the potential revenue between the two options, below are the two tables showing the 5 year feasibility.

Starting with the Vendor Operated potential at a very conservative rate

| Vendor Operated | | | | | | |
|---------------------|----------------|----------------|----------------|----------------|-----------------|------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
| Attendance | 15,000 | 16,500 | 18,000 | 20,000 | 22,000 | 91,500 |
| Per Cap | \$2.00 | \$2.50 | \$3.00 | \$4.00 | \$5.00 | \$3.45 |
| Sales | \$30,000 | \$41,250 | \$54,000 | \$80,000 | \$110,000 | \$315,250 |
| City Revenue | \$3,000 | \$4,125 | \$5,400 | \$8,000 | \$11,000 | \$31,525 |

Assuming there are 15,000 skiers in a season (which is the bare minimum according to the team) and we raise the attendance around 10% a year in this table. Starting with a low \$2 per cap (Per cap is the average spend per skier) with an increase as the community trusts that the food is delicious and obtainable in a manageable amount of time. Lastly, showing a typical 10% of gross sales contract (20% is the highest PFFW has seen) that goes to COTC, then in 5 years COTC has the potential to make \$31,525 from the vendor operated option. Do not forget that COTC has to pay for all the utilities for the building, the maintenance of the building and the upkeep on all the equipment purchased by the city, if not in the contract.

Now if we take the operation In-House with the same conservative rates

| In-House Operated | | | | | | |
|---------------------|----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
| Attendance | 15,000 | 16,500 | 18,000 | 20,000 | 22,000 | 91,500 |
| Per Cap | \$2.00 | \$2.50 | \$3.00 | \$4.00 | \$5.00 | \$3.45 |
| Sales | \$30,000 | \$41,250 | \$54,000 | \$80,000 | \$110,000 | \$315,250 |
| Food Cost % | 35% | 33% | 30% | 28% | 26% | 30.4% |
| Food Cost \$ | \$10,500 | \$13,613 | \$16,200 | \$22,400 | \$28,600 | \$91,313 |
| Labor Cost % | 35% | 33% | 30% | 28% | 26% | 30.4% |
| Labor Cost \$ | \$10,500 | \$13,613 | \$16,200 | \$22,400 | \$28,600 | \$91,313 |
| City Revenue | \$9,000 | \$14,024 | \$21,600 | \$35,200 | \$52,800 | \$123,633 |

With the same assumptions and adding in the Food Cost and Labor Cost at a high 35%, taking into account first year learning curve with training, waste and spoilage that will decrease with operational experience and practice, COTC will make 4x the amount of money in 5 years.

The cost of the kitchen layout recommendations above completed to Option 3 (USED equipment) would not even be covered in 5 years if operated by a vendor, but will be covered by Year 3 if managed in house.

Additionally, PFFW believes there is much more potential than shown in the tables above that are very conservative if COTC was to take the operation in-house and receive direction and guidance from PFFW.

Below is the potential we see in this operation give the same attendance but managed and operated more efficiently.

| In-House Operated at Full Potential | | | | | | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
| Attendance | 15,000 | 16,500 | 18,000 | 20,000 | 22,000 | 91,500 |
| Per Cap | \$3.00 | \$4.00 | \$5.00 | \$6.50 | \$7.00 | \$5.10 |
| Sales | \$45,000 | \$66,000 | \$90,000 | \$130,000 | \$154,000 | \$485,000 |
| Food Cost % | 33% | 30% | 27% | 35% | 23% | 28% |
| Food Cost \$ | \$14,850 | \$19,800 | \$24,300 | \$32,500 | \$35,420 | \$126,870 |
| Labor Cost % | 33% | 30% | 27% | 35% | 23% | 28% |
| Labor Cost \$ | \$14,850 | \$19,800 | \$24,300 | \$32,500 | \$35,420 | \$126,870 |
| City Revenue | \$15,300 | \$26,400 | \$41,400 | \$65,000 | \$82,160 | \$231,260 |

Without any changes to attendance from the previous tables, COTC would be able to start the operation with a higher per cap through the use of menu engineering, reduce the food cost and labor cost to start by having Standard Operating Procedures (SOP's) and guidance on efficiency for a successful F&B operation. By Year 3, the additional costs of the recommended remodel (NEW equipment) will be covered and by Year 4, all the kitchen equipment (including the hood) purchased prior to PFFW's involvement, would be recovered and a complete ROI for the F&B will be achieved.

PFFW believes that the F&B operation at Hickory Hills Ski Area would be the perfect starting point for the Parks and Recreation team to get into the Food business. The short season and connections already made for staffing will allow for a great glimpse at what it will take to operate other facilities and they time and attention they will require. It is the perfect opportunity to get an understanding of F&B and then duplicate that pattern while taking over the other potential locations.

4. Staffing and Operation Recommendations to Execute Profitable F&B Operations

Staffing

The correct way to schedule your staff at any location will go by the projected attendance numbers for the day. In order to staff accordingly you need to review the previous year's attendance and work backwards along with the project per cap and budget for attendance. You should track your daily attendance as well as the weather that day because having this information will help set you up for success in the future to give you an idea what to expect on the first Saturday of the season or the third Wednesday.

Using the tables above, if we are to assume that we are doing 15,000 in attendance year 1, and the average season is 75 days, then an average daily attendance would be 200 guests

$$\text{(Attendance } \div \text{ Days in season = Attendance an average day).}$$

Targeting a \$2 per cap would mean that we should generate \$400 in sales that day

$$\text{(Per Cap target \$ x Projected Attendance = Projected sales for that day \$).}$$

If we you were to target a 35% labor cost, than we would have \$140 to spend in labor

$$\text{(Projected sales \$ x Projected Labor Cost \% = Available labor budget that day \$)}$$

At an average of \$14 an hour for an employee we would have 10 hours available to schedule for that day

$$\text{(Labor budget \$ } \div \text{ Average hourly payroll \$ = Total hours available for that day)}$$

All Options provided by PFFW have the ability to be operated at minimum by a single person when it is very slow and at a maximum of 8 people, at Option 3, when it is busy. That isn't to say that you will always be able to hit your budgeted labor % every day. The season as a whole should average out to 35%, or better, because you will have days that have horrible weather where you could potentially run 100% labor and days when you are non-stop busy and operate on 15% labor, it is not a straight line. You project your labor and sales so that you can do your best to control your scheduled hours and labor.

Additional Recommendations

- **Integration with Admission, Clinics and/or Rentals:** Food and Beverage should be included with any purchase possible at HHSA. Increase the rental fee by \$2 and give the purchaser a token for \$2 off any item at the F&B operation. This is invaluable especially since we are not centrally located and are sort of tucked away around a corner.
- **Adding the Full Time Employee (FTE):** Adding an FTE to the COTC team whose sole responsibility is to oversee the F&B Operations for all the Parks and Recreation locations isn't required if you only take over the Hickory Hills operation. It would be highly recommended when you take over both HHSA and Clinch Park
- **Perceived Value:** The goal of any menu is to create value for the customer and a reason to purchase an item. If we make the same food that we made last season and charge more, the guests would riot. We need to transform our operation and create a perceived value in what we are offering. Strategically adding a signature item that is overly expensive may not be the number one seller, its purpose is to make the remaining items look less expensive and to elevate our menu away from a "Snack Bar" into a full Restaurant type food operation.
- **Knowing Who Buys What:** Even though we track the sales as a "Per Cap" number, doesn't mean that each person spends that amount when they walk in. The rule for F&B spending is that 20% of your guests will generate 60% of your sales. They are here to enjoy themselves, this is a cheat day from everything and they know they will be spending money and that is fine for them to enjoy their special day. 70% of your guests will generate the other 40% of your sales. They will get a bottled water or maybe share an item but they are more cautious in their spending and consumption. Finally the last 10% will not spend any money basically no matter what you are serving, offering or what the cost is. They knew before they left the house that they weren't going to purchase anything and they will not waiver. Point being that we cannot try to accommodate everyone, the majority of the people just want a quality meal at a price point that they see value in.
- **Brand the Concept:** Give the F&B operation a brand and name that the guest can identify with. Do not use words like - Concession Stand or Snack Bar; use words like Café or Pizzeria.
- **More Signage:** Add additional signage anywhere possible inside and outside building referring to the F&B operation

- **Offer Samples of your Food:** Offering a small bite of your offerings allows people to have a glimpse of what your food tastes like and also reminds them that they are hungry and should order some food.
- **Negotiate with Vendors for Pricing:** Don't just take the first number that is given to you by a Vendor. Remember that you are the customer in this scenario and they always pad the first number. Exaggerate your potential sales and include any locations you can think of when talking with a food purveyor because the bigger the potential, the bigger the discounts
- **Utilize Vendor Programs to Save on Budget:** Find out what items can be included with the purchase of certain products. JnJ Snack foods will provide an oven and warmer for purchasing their products. Your food purveyor or a local chemical company should have a program to receive a free ventless dishwasher for purchasing their cleaning products. Coffee and Hot Chocolate will provide the brewers and dispensers for free and your Soda vendor will provide the dispensing tower and a few merchandisers for free as well.
- **Events at HHSa:** There is tremendous potential in the event business with the view and facility provided at Hickory Hills. With the kitchen design provided, most of the catering could potentially be done in-house creating a huge source of potential revenue. Creating partnerships with local vendors to do the flowers, music, decorations of the facility and getting a percentage back to COTC would also not only benefit COTC but the guest experience in being a one stop shop for all your event needs.

Duncan L. Clinch Park



Duncan L. Clinch Park is an amazing little strip of sandy beach located right in the heart of downtown Traverse City. With the cities many events like the Cherry Festival and yearly fly over by the Blue Angels and other aircraft teams, the amount of foot traffic to this technically tiny location is astonishing. The F&B operation sits right past the tunnel entrance to the beach area drawing you in to purchase a delicious local ice cream or choose from one of its many smoothies. The kitchen is small but has tremendous potential with just a few key pieces of equipment, it will have the ability to crank out high quality high value food items.

The F&B operation is currently run by a vendor as part of a package with the Hickory Hills Ski Area concession and is a little gold mine. The current menu provided by the vendor has far too many options and also lacks value with too many options falling under the \$2.50 mark. Having a smoothie at over \$6 and a \$3 hot dog is confusing and makes the guest feel like the quality of the hot dog is half of the quality of a smoothie. A tiny flat top under the hood of a microwave is responsible for the “grill” operation on most of the operating days. There is an outdoor grill that we were told is only operated a handful of times throughout the season which is a huge draw and can be utilized more to increase sales on slower days.



Duncan L. Clinch Park Recommendations

1. Suggestions for a Menu that will Work with our Space, Customers and the Budget at Each Location

All of the menu recommendations for Hickory Hills Ski Area apply to Clinch Park as well only it will have different menu offerings because it would operate most efficiently as a Grill operation.

Clinch Park Suggested Menu

- Burger



- Fresh, 100% Ground Beef Burgers
- 5:1 wide burgers work the best
- Grilled and picked up to order on outdoor grill
- Standard 4" bun
- Includes Lettuce and Tomato, Onions available upon request
- Ketchup, Mustard and Mayonnaise available on the side in packets
- Burger with Chips \$7.99-\$8.99
- Upgrade from Chips to Fries for \$1.50

- Chicken Tenders

- Made from raw, DRY chicken
- Hand breaded in-house
- Taste test the breading
- Let tenders sit overnight in batter to adhere to tender
- Buffalo Tenders available
- 3 Tenders with Fries \$10.99-\$11.99

- Chicken "Nuggets"

- Take Tenders and cut into chunks, then bread
- Kids Meal \$6.49-\$7.49
 - Includes Fries, Grapes and Drink
- Adult portion is 1/3 larger \$8.99-\$10.99
 - Includes Fries only

- Create a Family Meal

- (2) 3 Tenders with Fries
- (2) Burgers with Fries
- (4) Drinks

- (2) Desserts
- \$45.99-\$48.99
- Make HUGE and centered on menu
- Need Signature Item
 - Needs to be big, tasty and expensive
 - \$13.99-15.99
- Fries
 - 3/8" crinkle cut fries, Grade A
 - Stay away from "Stealth" fries
 - 6-8oz of Fries for a side and 4-6oz. with Chicken Tenders or Burger Combo
- Caesar Salad
 - Purchase fresh Romaine and cut in-house
 - Standard Caesar Dressing and Parmesan Cheese
 - Basic Croutons – Without additional flavoring
 - Should be served in a Clam Shell closable container
 - Dressing to be on side so guest can decide amount to use
- Pretzels & Churros
 - Bavarian Pretzels: Salted or Unsalted and Cinnamon Churros ONLY, we do not need flavored churros or specialty pretzels
 - JnJ Snacks provides everything from product, to cooking units and warming holders
- Smoothies
 - Strawberry, Lemonade or Strawberry Lemonade
 - Whole IQF strawberries and blend them into a puree
 - White grape juice for the strawberry smoothie, lemonade for the lemonade and strawberry lemonade
 - Add ice and blend into a 16oz clear cup
- Soft Serve Ice Cream
 - Chocolate, Vanilla or Swirl
 - 8oz Squat Cup \$3.99-\$4.99
- Bottled Water, Gatorade, Fountain Soda
 - Regular 24oz \$2.75-\$2.99
 - Large 32oz \$3.25-\$3.50
- Create a menu and send it to PFFW for review and suggestions



2. Kitchen Layout and Equipment Recommendations Based on Suggested Menu Recommendations for Clinch Park

PFFW has provided a simple mark-up for the proposed items at Clinch Park

Proposed Equipment Purchases at Clinch Park

- 48" Self-Contained Hood System
- Slim Freezer to support Fryers
- Shaved Ice Machine
- (2) Fryers with Dump Station *Can be unit from HHSA
- Blenders for Smoothies *Can be unit from HHSA
- Soft Serve Machine *Can be unit from HHSA
- 27" Refrigerated Sandwich Prep Table *Can be unit from HHSA

3. Feasibility and Recommendations of Running Each Operation In-House or Best Practices for how to Maximize Revenue from a Vendor Operation

Ultimately it would be PFFW’s recommendation to take over the F&B at Clinch Park but believes that starting with Hickory Hills Ski Area and getting a solid foundation for how to run an F&B Operation is a great plan of action. With that being said, the largest potential for revenue for COTC is with the Clinch Park F&B with the risk only being the \$22,500 rent that is paid by the vendor and about \$20,000 in equipment needs, you can ROI this in 1 season. Without knowing a total visitor count, it is impossible to do a per cap and without having access to the vendors books, the current contract does not allow us to know what the sales at that location are. But PFFW theorizes that the current vendor must be doing at LEAST 250k in sales in order to afford rent at \$22,500 and a loss at Hickory Hills.

Being conservative and starting out at \$200,000 in sales and increasing 10% a year, the table below shows just a snapshot of the potential we believe this location has if it was taken in-house.

| In-House Operated | | | | | | |
|---------------------|-----------------|-----------------|------------------|------------------|------------------|--------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
| Sales | \$200,000 | \$220,000 | \$250,000 | \$275,000 | \$300,000 | \$1.245 mil |
| Food Cost % | 35% | 33% | 30% | 28% | 26% | 30.4% |
| Food Cost \$ | \$70,000 | \$72,500 | \$75,000 | \$77,000 | \$78,000 | \$372,500 |
| Labor Cost % | 35% | 33% | 30% | 28% | 26% | 30.4% |
| Labor Cost \$ | \$70,000 | \$72,500 | \$75,000 | \$77,000 | \$78,000 | \$372,500 |
| City Revenue | \$60,000 | \$75,000 | \$100,000 | \$121,000 | \$144,000 | \$500,000 |

Effectively there is ½ a million dollars of potential in the next 5 years at the Clinch Park F&B and that is truly running conservative numbers.

4. Staffing and Operation Recommendations to Execute Profitable F&B Operations

Staffing

All notes above work with this operation as well. With the outdoor grilling piece Clinch Park would require 2 employees at a minimum to operate and a maximum of 6 employees at peak.

Additional Recommendations

- **All items from HHSA can be used in this operation as well**
- **Adding the Full Time Employee (FTE):** Adding an FTE to the COTC team whose sole responsibility is to oversee the F&B Operations for all the Parks and Recreation locations would be highly recommended when you take over both HHSA and Clinch Park

Conclusion:

Profitable Food Facilities Worldwide (PFFW) was contacted by the Parks and Recreation Team at the City of Traverse City Michigan (COTC) to review and make recommendations on the Food and Beverage (F&B) operations at two of their locations; Hickory Hills Ski Area (HHSA) and Duncan L. Clinch Park (Clinch Park).

The goals for our visit were...

1. Suggestions for a menu that will work with our space, customers and the budget at each location
 - A) The menu for HHSA should be a fresh, hand dipped chicken tenders, Caesar salad, funnel cakes, homemade desserts, soft serve and pizza operation. The menu at Clinch Park should be a fresh outdoor grill operation with burgers, chicken tenders, fries, shaved ice and soft serve ice cream. The grill should be kept outside and operated all season. Remember the “Holy Trinity” that any item on our menu that we serve must, BE DELICIOUS, BE MADE QUICKLY and of course BE PROFITABLE.
2. Kitchen layout and equipment recommendations based on suggested menu recommendations for Hickory Hills Ski Area
 - A) PFFW provided a plan of action to gradually progress towards the perfect kitchen for the space provided at HHSA. Every new item is used and/or repurposed throughout the design so that no money is wasted. The end result is a kitchen that will be versatile and able to produce food quickly and efficiently. We also laid out a plan for the Clinch Park as well, that is truly exciting because you have the ability to use many of the kitchen equipment pieces from HHSA at Clinch Park to produce quality offerings. There are self-contained hood options that would save a tremendous amount of money and will allow us to add fried items like fries to the menu which are a high demand.
3. Feasibility and recommendations of running each operation in-house or best practices for how to maximize revenue from a vendor operation.
 - A) The Parks and Recreation Team should take over the HHSA F&B operation and run it in-house to maximize the revenue for the COTC as early as this season potentially. If they don't, then we are allowing \$200,000 in potential revenue within 5 years pass us by that could really help grow the already impressive Parks and Recreation operation as a whole. PFFW would recommend to allow the current vendor to operate Clinch Park for one final season before taking that operation over as well. The potential increased revenue at Clinch Park is over \$400,000!
4. Staffing and operation recommendations to execute profitable F&B operations

- A) HHSA can operate on slow days with just 1 person doing the cashier and cooking positions while Clinch Park would require 2 people at a minimum. HHSA's peak potential for employees maxes out at 8 while Clinch Park maxes out at 6 employees. Once you take over both locations it would be important to hire a FTE to oversee both locations which would be perfect since one is a winter operation while the other is more focused on summer. Ensuring that both locations are branded and have a lot of signage will also increase the foot traffic of both locations.

One sure fire way to increase your F&B potential is the integration of F&B into any and all revenue streams. Whether we increase the daily fees, rentals or add parking, if we were to add a \$2-\$3 voucher for F&B then that would greatly incentivize the guest to seek out the operation. Making sure that we make this a token, not a piece of paper that can be copied will also give us marketing material and some guests might take it home as a souvenir! Not to mention the fact that nothing on our menu is \$2 or under means that they will be pulling out their wallet for any purchase made and that will give us an opportunity to upsell and add items to their order. This will guarantee \$30,000 to \$45,000 in F&B revenue if the attendance of 15,000 does not change!

This is a big decision for COTC because implemented properly, the Parks and Recreation will see hundreds of thousands in revenue and profits. We believe that both locations have the potential to be very lucrative and are a great way to engage in the exciting world of Food and Beverage.

We would like to thank the COTC Parks and Recreation team for the opportunity and privilege to work with them on this project. You can tell that both Derek and Tim are big supporters of the Parks and Recreation and want to see it succeed. We feel that PFFW can assist your team further in the implementing the concepts, signature items, equipment, menus, systems, and training to insure the success one and/or both locations. If you have any questions, please don't hesitate to contact us.

Consultant Contact Information



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Mike Holtzman is at your service to assist with anything you need regarding this report and the recommendations offered within. Do not hesitate to contact me with questions or concerns.

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