



Park Board Concession Strategy

A Fresh Approach

Park Board Committee Meeting
Monday, October 1, 2018



Purpose of Presentation

To report back on a 2015 Board motion and to seek Board approval on the proposed concession strategy.



Agenda

1. Board Direction

2. Background

- Concession Network
- Review Goals and Objectives
- Public engagement

3. Discussion

- Concession Program Updates
- Operating Models
- Introduction of Alcohol Sales
- Conversion of Existing Concessions
- New locations & mobile vendors

4. Summary

5. Recommendation



Board Direction

On November 2, 2015 the Board passed a motion directing staff to explore other concession operating models for its concession network and report back.

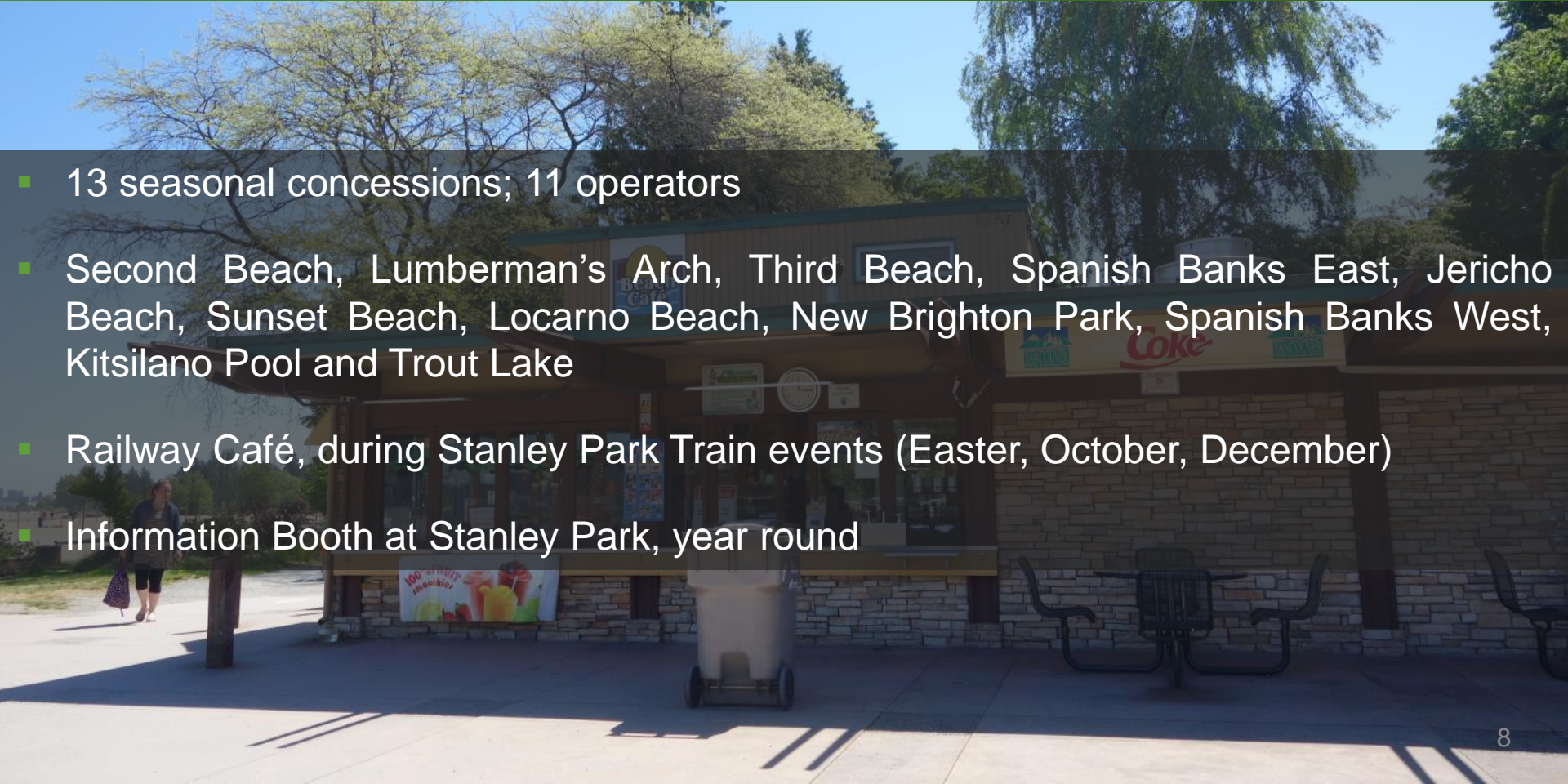
The Board also requested that this initiative be broad in scope, giving consideration to diverse business models, repurposing of existing locations, and the introduction of new locations/concepts.



Background - Concession Network Overview



- 13 seasonal concessions; 11 operators
- Second Beach, Lumberman's Arch, Third Beach, Spanish Banks East, Jericho Beach, Sunset Beach, Locarno Beach, New Brighton Park, Spanish Banks West, Kitsilano Pool and Trout Lake
- Railway Café, during Stanley Park Train events (Easter, October, December)
- Information Booth at Stanley Park, year round



Operators:

- Manage day to day site operations and provide staffing
- Offer core standardized menu with varying service delivery
- Paid a percentage of gross sales

Park Board:

- Responsible for all other aspects of concession operations, including:
 - Setting menu & pricing
 - Purchasing, warehousing, and delivery of food & supplies
 - Maintaining buildings & equipment
 - Overall financial administration
 - Overhead, therefore retaining net profits

Background - Goals and Objectives of Review

- Improve customer experience (e.g. service standards, product quality, diversified menu choices, etc.)
- Modernize the service delivery model
- Maintain affordable pricing
- Champion sustainability practices (e.g. local food, environmental etc.)
- Secure capital for improvements/upgrades
- Enhance financial performance



Comprehensive stakeholder/public engagement program completed in early 2016

- Online surveys (over 4,600 responses);
- Intercept interviews (approximately 200);
- Four (4) focus groups; and
- Six (6) stakeholder workshops, including one with Park Board Commissioners

Highlights:

- More than 50% Vancouver residents visit parks and/or beaches at least one time per week
- 67% respondents typically leave parks/beaches to buy food and beverages
- Ages 19 - 39 most likely to leave to purchase F&B while those 60+ likely to stay

Background - Public Engagement

| Liked | Opportunities |
|-----------------------------|--------------------------------|
| Convenient/accessible – 25% | Increase healthy options – 27% |
| Basic needs met – 7% | Serve alcohol – 22% |
| Fish & chips – 6% | Increase variety – 20% |
| Variety – 6% | Lower prices – 14% |
| Nostalgia – 6% | Improve quality – 13% |

Overall support for traditional favorites – burgers, fries, and fish & chips

Top preferred products - traditional favorites, alcohol, coffee & frozen deserts

The research, engagement results, and analysis supports:

1. Balancing traditional nostalgic favorites with fresh and current trends
2. Prioritizing locally sourced high quality foods
3. Providing a range of healthy choices
4. Maintaining green and sustainable food service operations
5. Offering convenience and affordability

Several improvements implemented in 2017 and many more in 2018:

1. **Balancing traditional nostalgic favorites with fresh and current trends**

- Introduced fresh baked brioche buns for burgers
- Increased scoop ice cream and local gelato options
- Offered sustainable fish tacos with a vegetarian option
- Introduced mixed-greens salads
- Offered kombucha on tap (tea-based fermented beverage)
- Ramen noodles at select locations
- Introduced premium coffee and affogato (espresso & ice cream)

Discussion - Concession Program Updates



2. Prioritizing locally sourced high quality foods

- Sourced locally roasted coffee
- Partnered with local bakery and local small-batch organic kombucha brewer
- Used locally grown mixed-greens
- Fostered new local supplier relationships to improve product quality, negotiate better pricing, and increase direct buying opportunities
- Shifted to smaller and more frequent deliveries direct from suppliers ensuring fresh consistent product



3. Providing a range of healthy choices

- New sustainable fish and vegetarian tacos
- Local mixed-greens and fresh fruit cups
- New low calorie and low sugar organic kombucha which meets BC Healthy Beverage guidelines

4. Maintaining green and sustainable food service operations

First to embrace the Single-Use Item Reduction Strategy by implementing initiatives such as:

- Removing plastic straws and switching to lids with sip portal
- Offering wooden cutlery rather than plastic
- Recycled cups
- Compostable Non-Polylactic Acid (PLA) lined packaging
- Offering discounts to patrons who supply their own travel mug

5. Offering convenience and affordability

Menu offerings adjusted and customized to align with local community preferences:

- All-day breakfast sandwich served at New Brighton, Second, and Third beaches
- Pulled pork sandwiches served at Spanish Banks East
- Scoop ice cream served at Trout Lake
- Kombucha served at all locations
- Corn dogs served at New Brighton

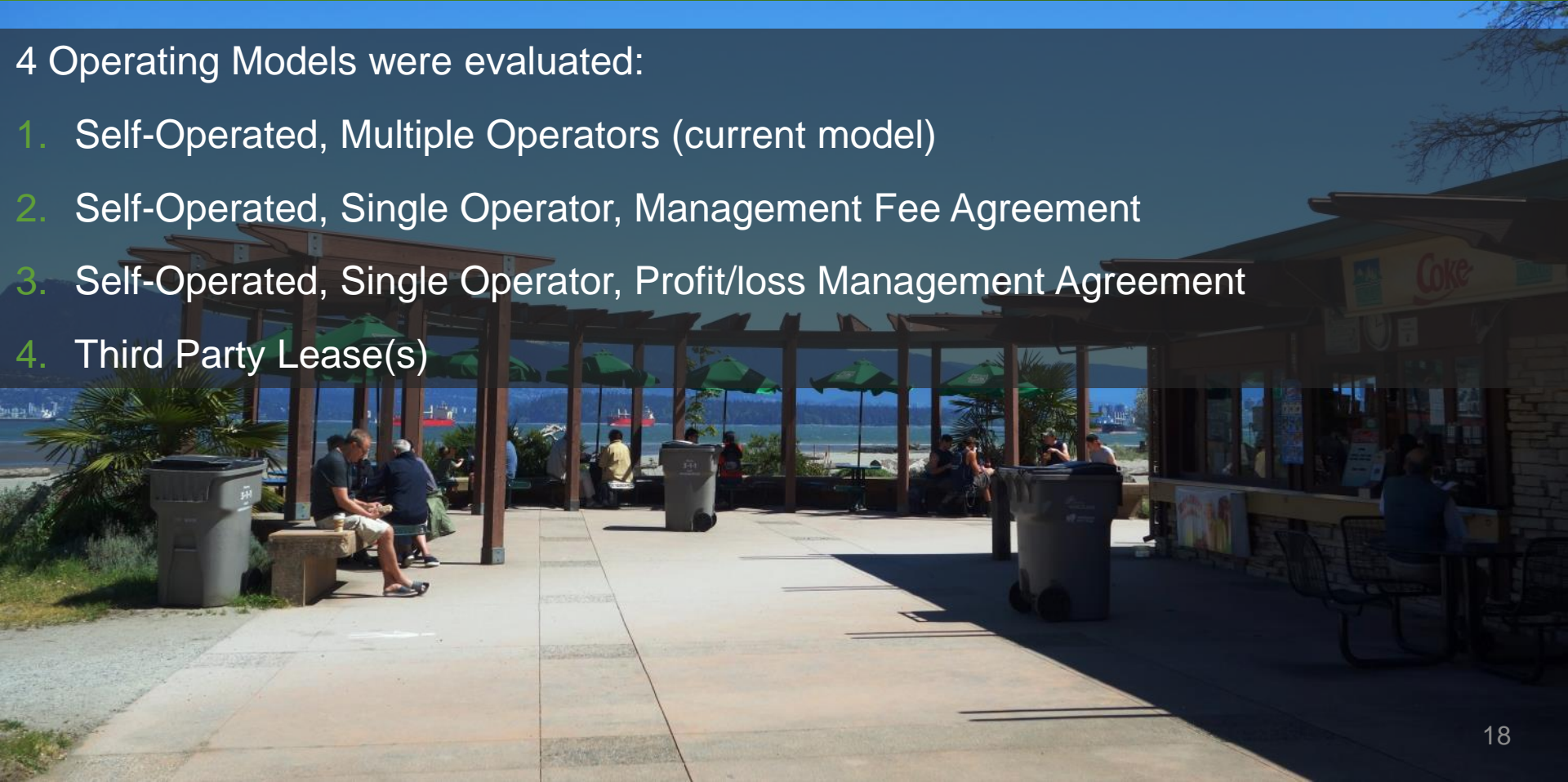
Lowering operational costs and working directly with suppliers:

- Menu pricing consistent for 2017 and 2018 seasons
- Food costs remain relatively stable, current menu prices can be maintained for 2019

Discussion - Concession Operating Models

4 Operating Models were evaluated:

1. Self-Operated, Multiple Operators (current model)
2. Self-Operated, Single Operator, Management Fee Agreement
3. Self-Operated, Single Operator, Profit/loss Management Agreement
4. Third Party Lease(s)



Key considerations:

1. Menu & Pricing – control, affordability, customer service
2. Purchasing & Warehousing – product delivery & storage
3. Labour Supply – balance between customer service & costs
4. Day to Day Maintenance
5. Risk & Liability
6. Capital Maintenance, Upgrades and Improvements
7. Financial Risk & Performance

Recommendation: No immediate need to move away from current model

Discussion - Improved Financial Performance



| Year | Gross Revenue | Yr over Yr % | Net Revenue | Yr over Yr % |
|-------------------|---------------|--------------|-------------|--------------|
| Full Year: | | | | |
| 2015 | \$ 2,930,000 | n/a | \$ 555,000 | n/a |
| 2016 | \$ 2,938,000 | 0.3% | \$ 594,000 | 7.0% |
| 2017 | \$ 3,421,000 | 16.4% | \$ 806,000 | 35.7% |
| | | | | |
| YTD July | | | | |
| 2017 | \$ 1,787,000 | n/a | \$ 302,000 | n/a |
| 2018 | \$ 2,079,000 | 16.3% | \$ 472,000 | 56.3% |

Current Operating Model:

- Net contribution: \$500K - \$800K annually in recent years
- Increases directly tied to Park Board staff oversight, operators improvement, weather factor



Interior modifications

- All areas require interior maintenance to varying degrees
- Investment estimate \$2,000,000 over 2 years

Capital upgrades

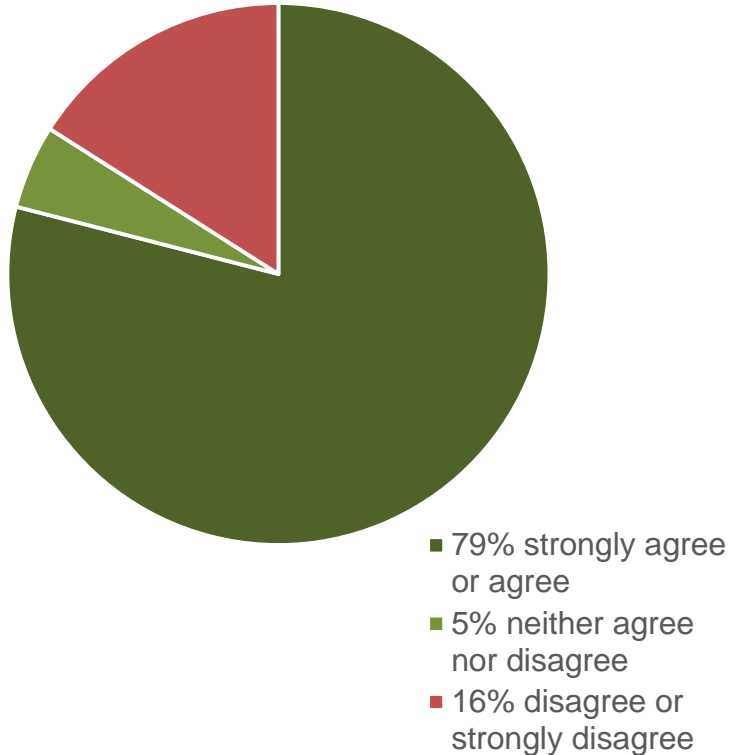
- Building condition assessment report identifies immediate capital upgrades required at:
- Lumberman's Arch, Third Beach, Spanish Banks East, Sunset Beach, and Kitsilano Pool concessions
- Investment estimate \$2,000,000

Total optimal capital investment:

- Estimated
\$4,000,000

2019-2022 Capital Plan:
\$8.3M for Park
Washrooms,
Fieldhouses &
Concessions

Public Feedback



Long Term - Specific site and facility improvements required to:

- Accommodate operational & security needs
- Provincial and Municipal Liquor Control & Licencing Control requirements

Short Term - Proposed Pilot:

- Limited beer & wine
- English Bay & Kitsilano restaurant concessions
- May long weekend to September long weekend

- 54% support one or more concession conversions to a café or full service restaurant
- Analysis: 3 to 5 years Second Beach, Sunset Beach and Jericho Beach concessions potential opportunities
- Sunset Beach is a viable opportunity in 5+ years



Future New Concession Locations

- Vanier Park and Stanley Park (Info Booth area) were considered and rejected
- New concession to be considered under Queen Elizabeth Park Master Plan

Mobile Food Vendors

- 14 authorized mobile food vendors
- Popular with Vancouverites and continue to grow
- Continue to seek out and introduce new mobile services as opportunities arise

Summary

- Timely and very comprehensive initiative
- Research, stakeholder consultation, and analysis identified strengths, weaknesses, and opportunities
- Continue working closely with operators and suppliers
- Implement short and long term initiatives reflecting needs and wants of public
- Align operations and deliverables with industry best practices, and VPB/COV policies and strategies
- Maintain positive financial contribution to Park Board



THAT the Vancouver Board of Parks and Recreation approve the proposed Park Board Concession Strategy and implementation plan as outlined below:

- A. Support a refreshed concession program that appeals to a wide range of park users and aligns to Park Board strategies and initiatives to:
- balance traditional nostalgic favorites with fresh and current trends;
 - prioritize locally sourced high quality foods;
 - provide a range of healthy choices;
 - maintain green & sustainable food service operations;
 - offer convenience and affordability;

- B. Continue to operate existing locations under multi-operator agreements, with the intention to consolidate locations as they become available to create operational and financial efficiencies;
- C. Assess the feasibility of offering alcohol sales at select Park Board run concessions through an alcohol sales pilot at the English Bay and Kitsilano Beach concessions, in collaboration with the current restaurant operators;
- D. Seek opportunities to convert seasonal concession operations to year-round cafés or full-service restaurants in high demand locations, subject to the consideration of long-term master planning processes and Park Board strategies;

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- D. Seek opportunities to convert seasonal concession operations to year-round ~~cafés or full-service restaurants~~ in high demand locations, subject to the consideration of long-term master planning processes and Park Board strategies;

- B. Continue to operate **new and** existing locations under multi-operator agreements, ~~with the intention to consolidate locations as they become available to create operational and financial efficiencies;~~
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- D. Seek opportunities to convert seasonal concession operations to year-round ~~cafés or full-service restaurants~~ in high demand locations, subject to the consideration of long-term master planning processes and Park Board strategies;

- E. Identify new concession sites that would enhance the park user experience, recognizing that currently the only feasible location is Queen Elizabeth Park and therefore a concession should be considered in the scope of work when developing the park's Master Plan; and
- F. Maintain the current high quality seasonally adaptable mobile food service network and expand where needed as the City continues to grow, develop, and densify.

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- F. ~~Maintain~~ **Review** the current high quality seasonally adaptable mobile food service network and ~~expand where needed~~ as the City continues to grow, develop, and densify.

