



## **AGENDA**

### **BOARD OF DIRECTORS WORK SESSION**

Wednesday, January 17, 2024, 2:30pm  
WC Auditorium / Zoom

**Directors:** Marge Garneau (President), Carol Crothers (Vice President), Bart Hillyer (Secretary), Jim Carden (Treasurer), Barbara Blake (Assistant Secretary), Joe Magliola (Assistant Treasurer), Nancy Austin, Kathi Bachelor, Beth Dingman, Steve Gilbert, Bev Lawless, Richard Sutherland, Scott Somers (non-voting)

#### **AGENDA TOPIC**

- 2:30 **1. Call to Order / Roll Call**
- 2:35 **2. Amend / Approve Agenda**
- 2:40 **3. FAC Subcommittee Business Plan for Del Sol Clubhouse Café**
- 4:00 **5. Adjournment**

*GVR encourages the Board and members to voice concerns and comments in a professional, business-like, and respectful manner.*



Green Valley Recreation, Inc.

## Board of Directors Work Session

### Del Sol Clubhouse Café Proposed Business Plan

**Prepared By:** Nanci Moyo, Admin. Sup.

**Meeting Date:** January 17, 2024

**Presented By:** David Webster, CFO

**Consent Agenda:** No

**Originating Committee / Department:**

Fiscal Affairs Subcommittee

**Action Requested:**

Listen and discuss the proposed business plan for the Del Sol Clubhouse Café.

**Strategic Plan Goal:**

Goal 1: Provide excellent facilities for members to participate in a variety of active and social opportunities

Goal 2: Provide quality services and programs that effectively meet the recreational, social, and leisure education needs of our membership, allocating resources to support those programs

Goal 3: Promote increased involvement of members in GVR

Goal 4: Cultivate and maintain a sound financial base that generates good value for our members

**Background Justification:**

In 2020 GVR purchased what was formerly the Canoa Hills Golf Center. After considerable planning by the GVR staff and Board, this facility was designated as a social gathering spot and renamed the Del Sol Clubhouse. The Del Sol Clubhouse has been updated, and the parking lot is being resurfaced. Normally, the facility is open to GVR members for gatherings and events, and members are allowed to bring food and drinks for these activities. However, it is temporarily closed till June 1st due to the construction/resurfacing project. Access to the Del Sol Clubhouse requires an active GVR member card. It has table and chair seating, bathrooms, pool and billiard tables, Wi-Fi, and TVs. Two outdoor patio areas and outdoor table seating will be added soon.

At the Board Meeting of November 15, 2023, the Board approved this Amended Motion: Adopt the Operating Budget with the Recommended Fee Schedule as presented, but do not approve the café at this time or anything in the café area until the research is done.

The Fiscal Affairs Committee formed a subcommittee to do the research and prepared a business plan for the Board to review and discuss.

**Fiscal Impact:**

None at this time.

**Board Options:**

- 1) Review and discuss the proposed research and business plan for the Del Sol Clubhouse Café.

**Attachments:**

- 1) Information and Proposed Business Plan for Del Sol Clubhouse Café

# **FAC Subcommittee Report:**

## **Status Report on *Proposed Draft Business Plan for the Development of a Del Sol Clubhouse Cafe***

FAC: January 16, 2024

GVR Board: January 17, 2024



# Proposed Business Plan for Development of a Del Sol Clubhouse Cafe

## Presentation Contents and Order:

- Genesis of the Concept
- Subcommittee and it's approach
- Description of the Café
- Description of the Space
- Market Research
- Marketing and Sales Strategy
- Policy Changes
- Staffing
- Market Survey
- Financial Pro Forma Assumptions & Projections
- Service Delivery Options
- Market Survey
- Next Steps and Timetable

# Concept of a Café As Part of a Social Gathering Place

Prior Strategic plans and Ad Hoc Committees Identified the need for a social gathering place /café since 2015

## Cy 2015 Strategic Master Plan Report



Pg 5 of the Executive Summary; “During the Community Outreach process, a recurring theme was Members’ request for a cafe, smoothie bar or similar space that fosters spontaneous community gathering. **However, operating a GVR café or cafe would finally provide members with, a comfortable available space to gather with friends**



Pg 9 included a survey on page 9 of other retirement communities across the country that had cafes

## Key Points from Steve Wilhelm’s Cy 2018 Ad Hoc Committee

- Members completed a field survey of area cafes and compilation of data
- Findings included
  - A Great Good Place (GGP) or social gathering place within a GVR Clubhouse is a member amenity;
  - Social metrics, not financial metrics
  - Del Sol Clubhouse with a café is a GGP: it creates a reason to come to Clubhouse
  - **Staffing is critical to form relationships with customers;**
- Volunteers can be used to enhance the services; doesn’t replace direct staff
- Board and Management absolutely committed to success;



# A 2018 GVR Ad Hoc Committee also looked at the concept of The Great Good Place



The Great Good Place (GGP) Concept developed and published by urban sociologist Ray Oldenburg



Refers to spaces “beyond the home (the first place) and work (the second place) where people gather, socialize and build a sense of community”



Typically, Great Good places offer neutral, accessible environments like cafes, parks libraries



These places play a crucial role in fostering a sense of belonging and social cohesion within a community

# Overview of Subcommittee- Methodology

## Members of the Subcommittee

1	Nellie	Johnson	Chair of Subcommittee/Fiscal Affairs(FAC)
2	Pat	Reynolds	FAC
3	Betsy	Walton	GVR member
3	Eric	Sullword	GVR Member
4	Bob	Quast	GVR member
5	Maribet h	Kwaskeski	GVR Member
6	Jim	Carden	Ex-officio- FAC Chair
7	Scott	Sumers	Ex-Officio GVR CEO
8	David	Webster	GVR CFO
9	Howie	Murray	GVR Staff

## Data Collection Methodology and Need for Market Study to Validate

- Data Collection/Analysis methodology
  - Data from GVR reports on households and clubs
    - ✓ Onsite observations and interviews with staff from competing cafes
    - ✓ Some assumptions based on past experience of opening buildings and start up operations of Subcommittee members
- Review of Cy 2018 Ad hoc Committee's work and CY 2015 Strategic Plan
- Market Survey /Validation Review
  - Market Survey was prepared and sent out after the January 8<sup>th</sup> meeting

# Business Plan Draft Review – December 27, 2023: Subcommittee Meetings of Jan 3 and Jan 8

## Mission and Strategic plan:



**GVR's mission** is “to provide excellent facilities and services that create opportunities for recreation, social activities, and leisure. education to enhance the quality of our members’ lives”



**2022 Strategic Plan Goal One** “provide excellent facilities for members to participate in a variety of active and social opportunities”.



**Initiative: 1.4** “to expand/repurpose facilities to promote and encourage social gathering, including the exploration of opening a cafe”

## Del Sol Club House and the Café:

- Club House is different from the other GVR recreational centers
- **Neighborhood Social Gathering place** and drop-in center; Lead Staff person (café manager is crucial to its success) per the Great Good Place concept
- Cafe is an integral part of Del Sol- as a social center
- While it is intended to be **an amenity** for its members, it is desired that revenues from the Café support the Café as much as possible; breaks even by 11<sup>th</sup> month because it doesn't include rent and utilities
- Prior studies noted a desire for a cafe (2015) and a social gathering place in Cy 2018



# Description of Cafe



Café is an integral part of Del Sol Clubhouse; acts as a magnet to encourage social gatherings; it is a warm and welcoming atmosphere where customers are not rushed



It is a business that is licensed as a food preparation café. Like Starbucks, it is not a full-service restaurant



The intent is to make sufficient money to cover the costs of the beverage and food offerings



Café hours would be limited to 7-3 pm and offer a limited menu of beverages and food items



Café space would be used for activities and special events after the café closes; Open access to the Del Sol Clubhouse would be between 5:30am -9 pm



Consistent staffing is crucial to developing social relationships. The café would employ staff and not rely on volunteers for basic operations. However, the Clubhouse can become a catalyst for using volunteers for other activities



We are assuming and want to encourage customers to stay longer than at normal cafes because this reinforces social gathering concept. Posada Java and Sun City have the same philosophy



Prices will be affordable. Recommendation: Potentially offer coffee to everyone for a nominal amount, such as \$1.00, to encourage the social gathering place concept

# Vision and Goals of Del Sol Clubhouse with Café

## Draft Vision Statement



Green Valley Recreation (GVR), by its very definition, is a Social Organization. What better way to highlight this fact than to encompass all aspects of social interaction with the Del Sol Clubhouse. This Clubhouse will be offering a proposed Billiards Room, Game Room and now the potential inclusion of the Del Sol Café where members, guests and even non-members can come for coffee, food and good conversation while enjoying the views.



The Del Sol Café is but a part of this overall plan where neighbors, groups and clubs can meet up to enjoy a good cup of coffee, or a bowl of hot soup on a winters day or sit back and relax with friends after taking a walk through the park or down Camino Del Sol Road



**This is the embodiment of the social atmosphere that GVR provides to all.**

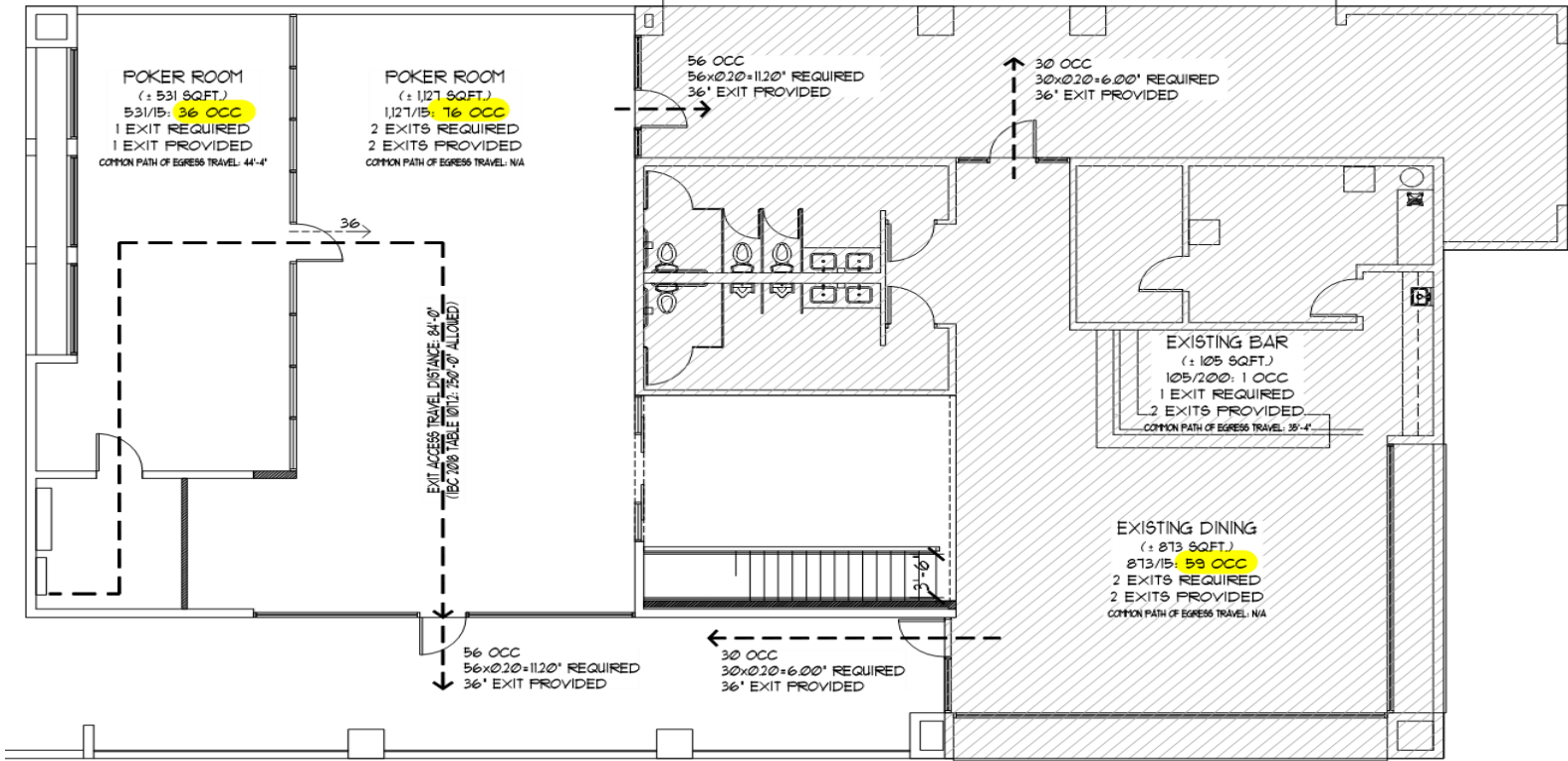


## Proposed Goals of Del Sol Bistro Café

- Provide a gathering spot for the GVR membership and others that offers an updated and accessible space for member events and activities and the ability to commune around limited food and beverage offerings
- Develop a greater sense of community by establishing stronger relationships with the GVR members and its club, thus helping to sustain the cafe operation
- Provide the café as an amenity whose purpose is to provide a gathering place, rather than a revenue generator for GVR

# Space: Architectural Drawing of Del Sol – First Floor

Front /Parking lot



January 3, 2023

# Café Space: First Floor



Main café space: limited hours with select food and beverage items

After hours: Drop in space/activities

**Alcove: use as café space; glass doors open into game room/multipurpose area**



# Café Space: First Floor /Patios/Review of Seating Capacity

Front Patio



Rear patio

	Licensed Occupancy	Seating Capacity
Main area	59	42
Alcove	?	14
Front Patio	24	12
Rear Patio	24	12
Total	107	80



# Subcommittee's Market Research – Findings Incorporated into Proposed Business Plan

## Initial Competitive Assessment

- Starbucks in GV and Sahuarita
- Moqah in GV
- Madera Canyon Café in Quail Creek,
- Mountain View Café, in GV
- **Posada Java (La Posada Campus)**
- **The Bistro in Sun City, AZ (Oro Valley )**

## Process

- Information obtained by:
  - ✓ Interviews with Staff/Manager
  - ✓ Secret Shopper experience and observations during different parts of the day
  - ✓ Internet search
- Looked for the following elements:
  - ✓ Indoor seating/outdoor patio seating;
  - ✓ Open 6-8 hours covering breakfast/lunch;
  - ✓ Only operates 6 days a week
  - ✓ and a single shift staffing pattern
- **Most similar to GVR are  
Bistro in Sun City and Posada Java**



# Competitive Assessment Findings - La Posada Findings

- Understand the senior market and the need to develop a strong sense of community and relationship with the customer
- The cafe is an extension of a larger mission of the entire retirement community
- Adapted Space to accommodate mobility issues;
- Open 7-4pm except Sundays
- Patio seating/warm interior atmosphere/don't rush the customer; it is a **social gathering place**
- Market serves 75% Green Valley and 25% La Posada; Changed since COVID

## Marketing Strategy:

- **Direct relationship with customers; consider them friends and family; provides “outing” for residents**
- Target to La Posada residents and general community
- Not significantly impacted in summer months; target specific events; onsite concerts; knitting /card groups;
- Accommodates pet friendly
- Accommodates Bikers (have bike stands and repair kits)

# Competitive Analysis Findings – Sun City Bistro

## Interviews with CEO and CFO

- Structured as **an amenity** to their retirement community and supports their overall mission
- Aim is to add value to the member
- Primary focus is not as a business to make a profit
- Tried to arrange a tour in December; not able to fit in schedules. Could schedule a tour in Jan/Feb.

## Background

- Located in Sun City, Oro Valley
- 2488 Housing Units serving about 4,000 residents
- Café and Lounge hours varies; 7 am to 8 pm
- Located in Clubhouse that has a lounge, restaurant; and patio oversees golf course
- It is a designated/preferred café and lounge for residents



# Pictures of Sun City Bistro



Inside seating area with walk up window

Outside patio



# Primary Target Market for Del Sol Café

## Preferred Customers from Geographic area



## Destination Café shop

- Target all other GVR Households
- Approach GVR Foundation for funds to create funding/donation card for persons with limited financial means;
- Review ways to serve GVR's aging population with limited mobility or declining mental capacity; work with groups, such as Friends in Deed, Alzheimer's Association, and Silver Springs, that have large passenger vans
- Propose allowing non-GVR members access to café for nominal daily fee

# Market and Sales Strategy

## Preferred Customers from Geographic area



Target market to GVR households in 85622 area



Market to Churches and businesses



Get estimate of use of Canoa Hills Trail Park from Sheriff's Auxiliary



GVR Rec Centers (Canoa Hills, Canoa Ranch, Desert Hills)



Connect with the Billiards Club since it is the primary user of the lower level of Del Sol



Outreach to HOA's

## Destination cafe

Social drop-in center to meet friends

Planned Club events for GVR's 62 clubs, (9,000 members) especially for the social clubs

Organically grow activities with clubs;

Sponsor special events to maximize usage of space (build on Thursday nights)

Generate interest/special events for people to want to come to Del Sol Café; outside areas offer opportunities for concerts

Gathering place for members to bring adult children/grandchildren to enjoy Del Sol Club House

# Potential Changes to the Corporate Policy Manual

## **Pet Policy**

- Corporate Policy Manual to be amended to include pets on the front patio and rear patios; (similar to Posada Java) at all hours
- Meets the needs of GVR members who own pets
- Opens customer base and helps to financially support the Café

## **Allow non GVR members to use the café only**

- Change CPM to allow non GVR people to use café only for a recommended daily token fee of 25 cents
- Other areas in the Clubhouse are secure and require guest passes, which we propose be purchased at the café
- Changing CPM for this GVR Center recognizes Del Sol Club as a unique entity- **a clubhouse**
- Café is a business enterprise; needs to maximize revenues to benefit café and GVR overall

# Staffing model based on paid staff not volunteers

## GVR Use of Volunteers

- GVR has 95 arts and entertainment volunteers, and they receive a free ticket; the Arts and Entertainment supervisor manages these volunteers
- Before the advent of the key cards, GVR used volunteers as fitness and pool monitors
- Café would be staffed by paid staff; volunteers could be used to enhance activities but would not be used to provide and oversee daily café operations

## Reasons not to use Volunteers to Staff Café

- Volunteers will **not** provide:
  - Reliable maintenance and monitoring of equipment;
  - Thorough and reliable clean up of bathrooms, general and kitchen areas;
  - Consistent greeting and ability to build relationships;
  - Screening of non GVR members who need to pay an additional fee;
- A responsible approach to collecting money for food and beverages and for how that money might be used and accounted.
- It creates an insurance and licensing risk because we are not allowed to consistently serve food and beverages without AZ licensing. If we do it too much, it may open GVR up to scrutiny regarding AZ and IRS sales and UBIT taxes.
- Using volunteers and not employees to provide a daily food service puts GVR at risk for violation of and inability to assure compliance with safety, fire, and county facility licensing codes and requirements.
- Sun City suggested not using volunteers as it creates problems amongst the residents; not worth it.
- Costs would be incurred for training and monitoring

# Summary of Financial Proforma /Options

## Key Variables /model option

- Seating Capacity – 80 seating capacity
- **Customer time at café: assumed 1 hr. 15 minutes**
- Number of Days Open: 6 days
- Hours Per day: 8 hours 7 am-3 pm
- Purchase price per customer: range from \$5.00 to \$6.00
- Growth is phased in each month
- Staffing model:
  - The role of Café Manager is as 75% working manager, 25% administrative/marketing to community/GVR clubs etc
  - 2 FTE's – staff for 3 employees during busy cycle (9:00-11:30 )
- Cost of Goods Sold:40% of customers revenue; based on Sun City

## Key Results

- Break even in month 11 because café doesn't pay rent and utilities
- Proforma assumes the café sustainable at 30% of seating capacity or, on average, 154 customers per day.
- Assumes café manager oversees Café and space after hours;
  - 75% working manager
  - 15% café administrative
  - 10% after-hours (3pm- 9Pm) activity/event coordination with GVR Events coordinate/and Clubs Coordinator;
- **Option is to offer \$1.00 coffee/tea to all customers ( could do all day or select hours 7-9 am to provide Del Sol Café as social gathering place**

# Summary of Three-Year Projections

	Placeholder Budget Annualized	Year 1 Proforma	2nd Year	3rd Year
Revenues	\$ 33,333	\$ 200,588	\$ 287,935	\$ 296,360
Expenses staff	\$ 108,800	\$ 120,091	\$ 122,635	\$ 124,112
Expenses all other	\$ -	\$ 98,048	\$ 140,001	\$ 144,129
Preopening	\$ -	\$ 7,268	\$ -	
Total Expenses		\$ 225,408	\$ 261,178	\$ 268,242
Net	\$ (75,467)	\$ (24,820)	\$ 26,758	\$ 28,118

Model Option assumes full use of café space at full seating capacity and a portion of the café manager's time is for marketing outreach/building relationship

# Café Options and Other Service Delivery Option

## Café Model refinements

- Utilize lower seating capacity to start in first three months and then gradually expand to 80
- Change the days from 6 to 5
- Reduce the hours from 8 to 4 or 5 hours per day
- Staffing pattern: assumes manager is a working manager but administrative time is needed in any option
- Adjust FTE's – staff for 2 -employees during busy cycle (9:00-11:30 )
- Cost of Goods Sold – based on Sun City's guidance of 40% of customer revenue.

## Vending Machines only

- Doesn't create a direct relationship with customer; not a warm atmosphere
- Costs
  - Purchase of machines because volumes aren't sufficient to support leased machines
  - Staff needed to purchase and replenish beverages and food products machines
  - Revenue stream is limited; wouldn't support the costs
  - Market results from survey will help determine if customers prefer this option



# Market Survey

## Intent of Survey

- The intent of the survey is to survey the GVR membership to identify the extent of interest in and potential use of a limited food and beverage offering within the Del Sol GVR Clubhouse. This is a preliminary market survey and, therefore, is simple with limited questions. Specific objectives are to:
  - Keep it simple with a limited number of questions, none of which are open-ended, to ensure a quick turnaround time, minimize completion burden and streamline the evaluation of findings.
  - Identify familiarity with the Del Sol Clubhouse and what it has to offer.
  - Assess the extent of interest in a food and beverage offering.
  - Identify potential use of services (how often, what, and when/times?).
- Issues related to funding, operationalization and pricing are not part of this survey.

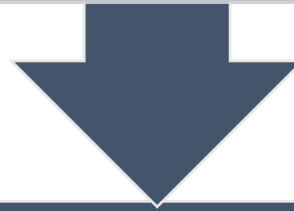
## Target Population

- Since this GVR does not have access to non GVR household emails (all of whom reside in zip code 85614), this will be a GVR member-only survey.
- **Ideally, we need to survey by individuals in each household and not by household only to get a more reliable response.**
- A reliable response rate should be a minimum of 5% but, ideally, 10% or more of emails sent.

# Market Study- Validate Assumptions/Next Steps

To expedite this, we are proposing an aggressive time frame. If we want a quick turnaround, we need a very limited and focused survey with no more than one open-ended question.

Survey approved by Committee by January 9 and tested by January 12 <sup>th</sup> ;	January 12 survey: GVR sends out survey with due date of due date of January 31.	Reminder to complete a survey, along with original January 16 verbiage, sent on January 24.	Survey closed on February 1.	Survey responses analyzed and a report developed to the Committee by February 7 <sup>th</sup>
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Business plan and pro forma revised as needed to reflect survey findings by February 9th to send out to FAC and GVR working session or Board: Decision by March 1<sup>st</sup>.

# Next Steps and Timetable for Del Sol Clubhouse and Cafe

- Obtain input from Fiscal Affairs and GVR Board members at their upcoming Committee and Board work session (Jan 16 and Jan 17)
- Complete the market survey by Feb 1<sup>st</sup>
- The subcommittee meets the week of Feb 8<sup>th</sup>; and refines the business plan based on the results and other input; releases the final report

## DEL SOL BISTRO

	Dec	Jan	Feb	March	April	May	June
Del Sol Parking lot repaving/other							Done
Approval of Café Business plan Fiscal Affairs, Board Affairs and the GVR Board			Feb 28th				
Start prep of operational plan for café option							open
Complete build out of café/storage area							open
<b>OPEN</b>							x-or sooner

# Additional Slides

# Products and Services

## Purchase of Products /Food Trucks

- Due to low volume, may be difficult to get a food supplier to deliver items
- Assume manager will need to oversee purchase/pick up of items until the business grows
- Food Trucks; Used to supplement lunch options and for special events

## Menu and pricing

- Keep prices affordable
- Offer a selection of beverages and limited food items for both breakfast and lunch;
- Option is to offer \$1.00 coffee/tea to all customers ( could do all day or select hours 7-9 am

# of Customers by Time of Day for First Month



# Gradual phase in of Customer Volume

	1 month	2 month	3 month	4 month	5 month	6 month	7 month	8 month	9 month	10 month	11 month	12 month
on average, % d	15%	15%	15%	20%	20%	20%	25%	25%	25%	25%	30%	30%
daily	77	77	77	102	102	102	128	128	128	128	154	154