

The Lodge Restaurant & Pub Pavilion Tent Banquet Events 2018 to 2020 Business Plan

February 10, 2018 Draft

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The Plan – Executive Summary

- Offering banquet event space for our membership, guests and clubs a facility to host over 100 person sized events. A known, proven customer need/demand.
 - a space that provides the outside mountain feel desired by customers, as well as provide safety and security from the weather and elements.
- Provide lasting memories of their special event here at Tahoe Donner.
- Capital improvements – replace tent and add sound buffer walls
- Execute in a profitable manner, thereby lowering the annual assessment of our property owners.
 - Grow revenues and net operating result
 - Similar volume level as last few years
 - Pricing increases to bolster profitability and improve alignment with brand/service quality built reputation
 - Improve NOR to \$180,000 or \$28 per owner by 2020, Pavilion Tent direct impact [+44% to 2017]
- **February 2018 - Board Actions Requested :**
 1. Approve replacement of tent (Replacement Reserve Fund, \$65,000) < Salmon, I thought was more all in
 2. Approve purchased of new sound buffer wall (New Equipment Fund, \$30,000) < Salmon, incld contg
 3. Approve allowing booking of 2019 Pavilion Tent events
 4. Direct GPC to add permanent structure replacement to tent to long-range General Plan projects schedule for research, review, and recommendation (feasibility study)

The Plan – Business Model

Demand + Capacity = Opportunity

- Members of Tahoe Donner Association often have a **demand** for special events (weddings, reunions, celebrations, club events, etc.). There is also excess capacity available for sale to the public.
- The Lodge has event space on lower floor indoors, however, the space does not accommodate larger events. However, the exterior outdoor space has significant space to accommodate up to 200+ person events.
- Due to demand, the Lodge Restaurant dining space was more than doubled with the addition of The Porch and Golf Shop expansion in 2012.

The Opportunity to meet member demand.

The Plan – Business Model

Banquet Events are at the highest margins in the Food and Beverage business. The greater the Banquet business, the more favorable The Lodge's overall net operating results.

- Buffet style servings are highly efficient; food preparation & cost, and waiter service
- Menu pricing increases for plated service, more than covering the service cost increase
- Unused event inventory can be rolled into regular lodge business

The Lodge's banquet event business is well established, with a significant portion of this business occurring in the Pavilion Tent.

This website link provides a great overview of the current product offering:

<http://www.tahoedonner.com/amenities/dining/the-lodge/weddings-meetings-banquets/>

The Tent's operates as part of a specific use permit with the Town of Truckee.

This permit was reviewed as part of the 2012 Lodge expansion project, which was performed to meet increased demand of The Lodge's operation as a whole.

The Plan – Market Analysis

There is need in the local Truckee area for event space larger than 50 people. In the winter months, there are limited options for this.

In the spring/summer/fall seasons, the options increase, including the Pavilion Tent space at The Lodge

In Near Truckee –

- Greys Crossing – PJ's outdoor lawn space is utilized
- Sugarbowl
- Northstar California – adds a tent in upper village plaza area

Further from Truckee, in Tahoe region

- Hyatt Incline
- Squaw Valley
- Resort at Squaw Creek
- Chateau at Incline Village
- the Lake – Gar Woods, Sunnyside, and numerous other options

The Plan – Market Analysis

Trends –

Weddings are trending outdoor, rural and Tahoe outdoors; as opposed to indoor hotel banquet spaces. We do not forecast this trend declining.

Revenue Growth

\$217,000 in 2013

\$375,000 in 2017

* Revenue based on 4 ½ month seasonal window

The Plan – SWOT Analysis

Strengths

- Having an available space for 200+ person banquet events
- Location in heart of TDA where members have a 2nd home or residence. Increases convenience factor.
- TDA has a membership of ~24,000 members, representing a diverse family with needs.
- TDA is a special place for many of our family members. Tradition and experiences amplifies the opportunity to hold their family special event (ex. wedding) at TDA brings.
- Experienced banquet team with proven highly successful reviews on food quality and customer service levels
- Convenience of location to hold TD Club events.

Weaknesses

- Not on Lake Tahoe
- Visual impacts of tent
- Noise impacts to neighbors
- Limited inside large event spaces
- Tent space is limited to May through October timeframe events
- Extreme weather can negatively impact outside events experience
 - Without the tent, no options

The Plan – SWOT Analysis

Opportunities

- Continued growth in members utilizing Tent for banquet events, further improving The Lodge NOR
- Increasing demand for outdoor events in Truckee
- With demand increases, increasing pricing, therefore improving NOR
- Larger events held in the tent have a “spill over” effect that leads to revenue enhancers for other amenities. Rehearsal dinners at other restaurants, golf and activity bookings as well as Pub/restaurant business.

Threats

- No Tent equates to no ability to handle large banquet events, \$230,000 net minimum impact on NOR.
- Limited golf club event space without the Tent
- The Lodge buyout banquet business would impact regular dining/pub members and guests
- We can lose our decade’s worth of event reputation and market share in dramatically altering our brand and options on events.

The Plan – Strategy – Sales & Marketing

Marketing

- Tahoe Donner News magazine and all other internal channels
- Positive social media reviews
- Marketing in key wedding websites and publications in N.CA region

Sales

- Effective utilization of group sales coordinator
 - Timely leads follow-up
 - Effective site visit tours
 - Consistent monitoring of competition's pricing and offerings
 - Working with our TD Club officers to customize their events

The Plan – Strategy – Operations

Banquet Manager

- Leadership in banquet events execution
- Effective upselling to improve customer's experience and NOR
- Knowledge of current trends, products and competition offerings

Banquet Kitchen Team

- Menu consistently updated, reflecting current market trends
- Maintaining high level of food quality and presentation

Banquet Service Team

- Maintaining high level of service standards
- Personal, friendly and positive memorable service

Tent Facilities / Operations

- Replace existing Tent as soon as possible
 - softer color, lower overall height, more clear panels, and sturdier frame skeleton
- Review options for ~40' of sound wall buffers on condo side of tent area
- No changes to operating days or hours of operations

The Plan – Strategy – Finance Committee Recommendations

The Finance Committee reviewed the tent banquet business and provided a report to the Board in December 2017

The conclusions / recommendations from that report were as follows:

a. Pavilion Tent – Dundas and King provided an update of our work on this project. The FC discussed and made suggestions on the final report. At this time, the sub-committee has finished its analysis and reached its conclusions. Its recommendations are (1) Replace the existing tent as quickly as possible; (2) Review pricing opportunities to increase margins on future booking (2018 and 2019). Implement new pricing no later than December 31, 2017 and begin booking 2019 events; (3) Incorporate a capital project into the Capital Projects Process to study the feasibility of a permanent banquet venue.

The Plan – Strategy – Financial

Pricing

- Based on competitive analysis and current economic conditions
 - current menus website link
<http://www.tahoedonner.com/wp-content/uploads/2017/02/2017-Lodge-Banquet-Menus.pdf>
 - 2018 – prices have been increased for booked contracts
 - Site Fee \$4750 (up \$1250/36% over 2017)
 - Food Menu prices vary, overall up 5-6% (\$49.95-\$65.95 to \$52.95-\$68.95 and up, per person)
 - Beverage Menu prices vary, overall each up \$1 (wine \$6 to \$7, beer \$5 to \$6, and liquor \$7 to \$8)
 - 2019 – pricing plan, increased further
 - Site Fee \$4995 (up \$245/5% over 2018) [discussion, even higher to \$5995]
 - Food Menu prices vary, overall up 5-6% (\$52.95-\$68.95 to \$55.95 - \$71.95 and up, per person)
 - Beverage Menu prices vary, overall each up \$1 (wine \$7to \$8, beer \$6 to \$7, and liquor \$8 to \$9)
 - Grow tent revenue from \$375,000 (2017) to \$500,000 (2020) primarily through Pricing increases
- Members –
 - *Continue the 20% Discount on Food and Site Fee*
- Club Events
 - 20% Discount on Food and no site fee
 - Continue to allow pot luck functions
 - Reduced Corkage Fee (\$10) on all events

The Plan – Strategy – Financial

	2017	2018	2019	2020
	Actual	Budget	Projection	Projection
The Lodge				
Revenue	2,442,000	2,300,000	2,540,000	2,642,000
TOC	2,533,000	2,483,040	2,601,000	2,672,000
NOR	(91,000)	(183,040)	(61,000)	(30,000)
Lodge Banquet Events -ALL				
Revenue	498,000	460,000	548,000	595,000
TOC	368,000	340,000	383,000	400,000
NOR	130,000	120,000	165,000	195,000
	26%	26%	30%	33%
Lodge Banquet Events - Pavilion Tent				
Revenue	375,000	365,000	431,000	455,000
TOC	250,000	243,000	263,000	275,000
NOR	125,000	122,000	168,000	180,000
	33%	33%	39%	40%

Note - the Pavilion tent business impact on The Lodge Dining & Pub, Golf, and non-tent related banquet events from a tent event (rehearsal dinners in lodge) not reflect in Tent figures.

The Plan – Keynotes

- Continue tent business, generally
- Replace the tent
- Add sound barrier and regulate decibel level on music
 - The visual and noise issues are mitigated by the above changes
- Pricing
 - Increase to close gap with competitors and improve NOR
 - Continue to monitor and adjust prices with product price increases

Appendix

The 10 Questions

Pricing of Competitors

FC Report

1. Mitigation measures and options for limiting tent use
refer to item 3.

2. Event pricing analyses

• 2017 Lodge Wedding Events

- Menus start at \$49.95-\$65.95 and up, per person
- Range of soft beverages \$2.50
- Wine by the glass starts at \$6.00
- Beer each starts at \$5.00
- Liquor each starts at \$7.00
- Pavilion Lawn = \$800
- Grotto = \$600
- Pavilion Tent = \$3,500

• 2018 Lodge Wedding Events

- Menus start at \$52.95-\$68.95 and up, per person
- Range of soft beverages each \$3.00
- Wine by the glass starts at \$7.00
- Beer each starts at \$6.00
- Liquor each starts at \$8.00
- Pavilion Lawn = \$800
- Grotto = \$600
- Pavilion Tent = \$4,750

• 2019 Lodge Wedding Events

- Menus start at \$55.95 - \$71.95 and up, per person
- Range of soft beverages \$3.50
- Wine by the glass starts at \$8.00
- Beer each starts at \$7.00
- Liquor each starts at \$9.00
- Pavilion Lawn = \$900
- Grotto = \$650
- Pavilion Tent = \$4,995

10 Known Questions of Late

3. Cost/benefit analysis of the mitigation measures and scheduling restrictions

All-weather indoor/outdoor sound dampening panels, will cost \$1,570 each with estimated shipping cost bring panels to around \$2,000 a piece. We will need (10, estimate) to block condo facing side of tent. We would also use faux greenery to cover stainless steel panels this would be \$2,300 + shipping. So this project would be in the area of \$22,000 to \$25,000.

4. Is it necessary to replace in 2018 or can it wait till 2019?

We could postpone getting new tent for the 2019 season, however following guidelines set by tent manufacturing company we have surpassed the 10 year recommend life span.

5. What is the cost of a new tent?

Cost of lower profile, eggshell, tent with clear (3) sides bid - \$56,113.06 (this bid is from 4/19/17)

6. What is the expected profit in 2018/2019?

2018- Site fee up 36% over 2017 / food up 5-6% (based on current bookings)

2019-no bookings – 0%

see Plan - financials

7. Look at increasing the price to be more competitive with Squaw. Squaw does not publish pricing. So here are some other comparable options.

The Chateau in Incline Village

- This is a building compared to our tent.
- **Ceremony site**
- \$500- \$1000 dependent on location
- **Reception Site fees**
- **June – October**

	Rate
• Saturday	\$7990 & F& B minimum
• Friday & Sunday	\$4970
• Mon-thurs	\$2770
- **November -May**

	Rate
• Saturday	\$4660
• Friday & Sunday	\$3230
• Mon-thurs	\$1850
- Menus start at \$48-\$68 per person
- Range of soft beverages \$3.00
- Wine by the glass starts at (per bottle choice)
- Beer each starts at \$6.00
- Liquor each starts at \$7.00

Tahoe Mountain Club

- Partial building and outside patio
- **Ceremony site**
- Peak season - \$750
- Non- peak- \$500
- **Reception Site Fee**
- Peak season - \$5000
- Non- peak- \$4000
- Menus start at \$35-\$75 per person
- Range of soft beverages \$3.00
- Wine by the glass starts at (per bottle choice)
- Beer each starts at \$4.50
- Liquor each starts at \$7.50

7. Look at increasing the price to be more competitive with Squaw. Squaw does not publish pricing. So here are some other comparable options.

- **Resort at Squaw Creek**
- Multiple options and outside patio
- **Ceremony site**
- Peak season - \$750
- Non- peak- \$500
- **Reception Site Fee**
- Peak season - \$5000
- Non- peak- \$4000
- Menus start at \$35-\$75 per person
- Range of soft beverages \$3.00
- Wine by the glass starts at (per bottle choice)
- Beer each starts at \$4.50
- Liquor each starts at \$7.50

8. What are we doing about member complaints?

- Reducing tent height
- Choosing softer eggshell color to replace glaring white
- 2 to 3 sides clear plastic, this will make tent less glaring and open up view
- Suggested sound dampening panels.
- Monitoring decibel levels of music for events

9. What is the vision of the event tent?

The vision of the event tent is made up of several facets.

- To have an offering for our membership, guests and clubs to have a facility to host over 100 person events.
- To offer a space that provides the outside mountain feel desired by our membership, guests and clubs. As well as provide safety and security from the weather and elements.
- Continue to run the department in a profitable manner to insure better end of year NOR, thereby lowering the annual assessment to our home owners.
- On the personal side, to provide our membership, guests and clubs with lasting memories of their time spent here at Tahoe Donner.

10. What is our vision for this business

The vision of the business is very similar to the vision of the event tent.

- To continue to offer a stellar bistro to our membership, guests and clubs right in their own neighborhood.
- Continue to run the department in a profitable manner to insure better end of year NOR, thereby lowering the annual assessment to our home owners.
- Continue to provide great service, great food and great experiences for our membership, guests and clubs. A place to celebrate, birthdays, anniversaries, engagements, 1st dates, family dinners during vacations, celebrations of life and just a great meal.
- To continue improving our cover count and revenue yearly
- Continue following food and beverage trends so that we offer the style of products desired by the consumer.



**Tahoe Donner Association
Finance Committee
Task**

**The Lodge Pavilion Tent
Financials**

**Subcommittee Report
November 18, 2017**

**The Lodge Pavilion Tent Financials
Subcommittee Report
November 18, 2017**



- Subcommittee Volunteer Members

- Art King Steve Disbrow Corey Leibow Tom Johns
- John Dundas Cathy Ravano Michael Eyton-Lloyd Don Koenes

- Staff

- Robb Etnyre, General Manager
- Michael Salmon, Director of Finance
- Mike Peters, Director of Food and Beverage

**The Lodge Pavilion Tent Financials
Subcommittee Report
November 18, 2017**



- The group reviewed the detailed financial information of The Lodge Restaurant and Pub which also includes banquet events business (tent and non-tent).
- The group interviewed Michael Salmon, Mike Peters, and Robb Etnyre regarding financial and operational aspects of The Lodge and the tent.

**The Lodge Pavilion Tent Financials
Subcommittee Report
November 18, 2017**



• Group Conclusions (unanimous):

- 1) The Pavilion Tent business is forecasted to return a favorable Net Operating Result of \$125,000 or \$19 per owner in 2017. This does not take into consideration the incremental business that enhances other business operations.
- 2) Incremental business positively impacts on regular lodge restaurant/pub business, non-tent banquet business, and group golf. Incremental business is forecasted to contribute a favorable Net Operating Result of \$111,700 or \$17 per owner in 2017.

**The Lodge Pavilion Tent Financials
Subcommittee Report
November 18, 2017**



- Group Recommendations (unanimous):
 - 1) Replace the existing tent as quickly as possible (operational issues with existing tent).
 - 2) Review pricing opportunities to increase margins on future bookings (2018 and 2019). Implement new pricing no later than December 31, 2017 and begin booking 2019.
 - 3) Incorporate a capital project into Capital Projects Process to study the feasibility of a permanent banquet venue.