

INFORMATION



Pizza on the Hill Restaurant Operating Review & Plans 2019 Information Paper

Issue: Review summer only operating plan for Pizza on the Hill to maximize member benefit during the peak summer season and reducing loss during non-peak periods the remainder of the year.

Background: The 2019 Budget is aggressive and current trends do not indicate achievement of budget 2019 expectations for Pizza on the Hill (POTH). Labor, product, and operating cost pressures continue to escalate, due to California minimum wage increases and a highly competitive local market for skilled kitchen staff. POTH is also impacted by the extreme volume seasonality of the market while operating as a year-around dining location.

Recent Years Operating Results

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019B</u>	<u>3-Year</u>	<u>5-Year</u>
NORBO	(\$27,743)	(\$71,261)	(\$74,431)	(\$33,200)	(\$57,812)	(\$50,284)
Covers	43,172	43,167	49,243	43,000	45,194	40,788
COGS	30%	32%	30%	28%	31%	30%

POTH staffing has consisted of three full time regular (Manager (exempt), Chef (exempt), and Kitchen Supervisor (non-exempt)). The remaining non-exempt employees are seasonal, and seasonal staffing levels vary, from 4 in shoulder seasons to 16 in peak summer. 2018 Full-Time Equivalents (FTE) for non-exempt employees by month are shown below.

Tahoe Donner Association Payroll Hours - Full Time Equivalents Schedule (nonExempt Employees) for the month of March 2019																													
Current Year Actual - by month												Department		Prior Year Actual - by month												Year to Date - Averages			
1	2	3	4	5	6	7	8	9	10	11	12			1	2	3	4	5	6	7	8	9	10	11	12	Actual	Prior Yr	Variance	Pctg
11	9	9	-	-	-	-	-	-	-	-	-			10	9	8	8	17	44	82	54	20	13	12	12	9	9	(0.5)	-6%
11	9	9	-	-	-	-	-	-	-	-	-	Private Amenities	10	9	7	8	8	7	9	9	8	9	11	11	9	9	(0.7)	-8%	
-	-	-	-	-	-	-	-	-	-	-	-	Trout Creek Rec Ctr	-	0	-	-	0	4	9	6	1	0	-	-	-	0	0.0	100%	
-	-	-	-	-	-	-	-	-	-	-	-	Aquatics	-	-	-	-	5	11	23	16	7	1	-	0	-	-	-	0%	
-	-	-	-	-	-	-	-	-	-	-	-	Beach Club Marina	-	-	-	-	2	5	7	6	3	1	-	-	-	-	-	0%	
-	-	-	-	-	-	-	-	-	-	-	-	Tennis Center	-	-	-	-	0	14	25	14	-	-	-	-	-	-	-	0%	
0	0	-	-	-	-	-	-	-	-	-	-	Day Camps	0	0	0	0	1	2	8	3	1	2	2	1	0	0	0.1	76%	
-	-	-	-	-	-	-	-	-	-	-	-	Recreation Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	
178	153	136	-	-	-	-	-	-	-	-	-	Public Amenities	137	136	133	67	53	99	130	120	83	58	47	160	156	135	(20.3)	-15%	
103	91	74	-	-	-	-	-	-	-	-	-	Downhill Ski Area	86	89	72	28	3	3	3	3	3	4	8	90	89	82	(7.4)	-9%	
29	22	23	-	-	-	-	-	-	-	-	-	Cross Country Ski Area	14	9	21	4	0	1	0	1	0	2	8	27	25	15	(10.3)	-70%	
6	6	4	-	-	-	-	-	-	-	-	-	Snowplay	4	5	4	1	-	-	-	-	-	-	0	6	5	4	(1.2)	-29%	
-	0	-	-	-	-	-	-	-	-	-	-	Golf Operations	-	-	-	-	3	11	15	14	11	4	-	-	0	-	(0.0)	0%	
1	1	2	-	-	-	-	-	-	-	-	-	Golf Maintenance	1	1	3	8	20	22	20	22	17	15	4	1	1	2	0.1	5%	
-	-	-	-	-	-	-	-	-	-	-	-	Campground	-	-	-	-	1	1	1	1	-	-	-	-	-	-	-	0%	
0	-	0	-	-	-	-	-	-	-	-	-	Equestrian	-	0	0	0	1	6	11	8	4	1	0	0	0	0	0.1	64%	
-	-	-	-	-	-	-	-	-	-	-	-	Bikeworks	-	-	-	-	0	2	3	2	1	0	-	-	-	-	-	0%	
-	-	-	-	-	-	-	-	-	-	-	-	Trails	0	-	-	-	2	6	5	5	4	3	0	-	-	0	0.0	100%	
22	19	21	-	-	-	-	-	-	-	-	-	The Lodge	22	20	22	18	16	29	33	31	26	19	19	22	21	21	0.7	3%	
-	-	-	-	-	-	-	-	-	-	-	-	Summer Food and Bev	-	-	-	-	1	7	16	13	7	2	-	-	-	-	-	0%	
7	6	4	-	-	-	-	-	-	-	-	-	Pizza on the Hill	5	6	5	4	4	8	17	14	5	6	4	7	6	5	(0.4)	-9%	
10	8	8	-	-	-	-	-	-	-	-	-	Alder Creek Cafe	7	6	7	4	2	5	7	5	5	3	4	9	8	6	(1.8)	-27%	
188	162	145	-	-	-	-	-	-	-	-	-	Amenities Total	147	144	141	75	70	144	212	174	103	72	59	172	165	144	(20.8)	-14%	

INFORMATION



For years (~1980-2006) what is now POTH operated as a low-quality Italian restaurant know as Northwoods Restaurant or Clubhouse Bar & Grill. With the Lodge Restaurant & Pub (Lodge) opening in 2005, The Clubhouse Bar & Grill shifted to summer only in 2006 and was re-branded to Pizza on the Hill in 2007. Starting in 2008, POTH added the winter season becoming a year-around operation. In 2007, POTH was launched offering membership a family friendly establishment that was more casual than the original fine dining Lodge concept generated by outside consultants. The Lodge has since moved away from fine dining and developed as a high-quality bistro style establishment, along with the year-around opening of the Alder Creek Café' and Trailside Bar within the Alder Creek Adventure Center in 2016.

Over the years POTH has seen brand, menu, and demographic changes. Although it does well in the high summer season, it struggles to maintain financial and staffing stability the other 9 months of the year. During the summer, the membership and guests enjoy al fresco dining and an outdoor environment for their children to explore and play around the Northwood Clubhouse & Pool.

3-year Averages	Annual	Nov-Apr	May-Oct	Jun-Jul-Aug
Revenue, \$ thousands	\$542	\$199	\$343	\$250
Costs, \$ thousands	(\$600)	(\$243)	(\$357)	(\$237)
NORBO, \$ thousands	(\$58)	(\$44)	(\$14)	\$13
NORBO/owner	(\$8.93)	(\$6.84)	(\$2.10)	\$2.00
Covers	45,194	16,598	28,596	20,834
Covers % of Annual	100%	37%	63%	46%
# of Months of Annual	100%	50%	50%	25%

Planned Modifications:

1. POTH will close April 28 until reopening June 13, 2019.
2. New Season and hours of operation
 - June 13th through September 1st (Labor Day Weekend)
 - Thursday through Monday, 5 days per week
(no longer offer 7 days a week, nor lunch service during the summer)
 - 3pm – 8:30 p.m.
 - No longer offer lunch service during the summer at POTH. The Lodge and Alder Creek Café have lunch offerings during this time.

INFORMATION



3. New Required Staffing

- Director of Food & Beverage will provide an enhanced level of over-sight
- The POTH Chef will oversee day to day operation and supervise kitchen and all back of house.
- One front of house Supervisor/Bartender (Seasonal)
- Second Bartender (Seasonal)
- Limited seasonal kitchen staff made up of local and J-1 employees
- Food Runners/bussing staff while implementing counter and online ordering system with table numbers (like Alder Creek Café)

4. Immediate Staffing Impacts

- All staff will be laid off for month of May during closure for maintenance and vacations
- Full-time Employees
 - i. Current POTH Manager has resigned – moving out of area
 - ii. Chef would be taking PTO/Unpaid time off for month of May
 - iii. Kitchen Supervisor offered another similar TDA F&B position for a month
- Season Employees
 - i. All other Pizza employees would end their seasonal employment until reopening in June

5. POTH Service Level Changes

- We will follow a trending style and a similar model to the current Alder Creek Café. Eliminate table service and replace with counter service.
- Guests will come in to bar/register stations to place orders with a staff member and receive a number stake to be placed on table. Food runners and bussers will deliver food and re-set tables.
- Water and soda station will be moved to main dining area and become self-serve
- Condiment and silverware stations will be set up for easy access of customers
- Guests will be responsible for bussing their own tables, with back up bussers staffed.

6. Menu Changes

- Menu will be simplified, smaller, and more defined along existing pricing, quality and offering. This will allow for more efficient service and decreased service wait time.

7. Off-Season (September – May)

- Reservation/Paid Event Room / Member Pot Luck Space with Kitchen and Bar setup options (Beer & Wine License retained year-around)
- Expanded member telework area / meeting space for Northwood Clubhouse
- Outside tent banquet space would continue to operate with paid bookings and catering or POTH kitchen support as arranged.
- Other F&B operating models for the POTH space will be further reviewed in the Fall 2019.

INFORMATION



Non-Peak Season Membership and Service Impacts

Members have family friendly dining options at the Lodge during the period Pizza would be not operating. Lunch at Alder Creek Café 12 months a year and in summer months at The Lodge is also offered. During peak mid-June through Labor Day Weekend, Pizza will be open 5 days per week.

Capital Costs and Allocated Overhead

NORBO excludes a POTH annual capital charge of approximately \$40,000 and Allocated Overhead charge of \$118,000. Neither of these two amounts would change substantially. The capital costs are a sunk cost and overhead for 2019 would remain as budgeted, charged to POTH. Overhead costs for the Company would generally not change support (i.e., not impact on HR or Accounting or Information Technology Department) personnel levels.

2019 NORBO Forecast with operating changes

- NORBO (\$18,000)
 - \$15,000 favorable to 2019 Budget of (\$33,200)
 - \$40,000 favorable to 3yr Average
 - YTD March Actual, NORBO of (\$23,160) is (\$17,000) unfavorable to Budget
- 2020 Proforma Annual NORBO
 - NORBO \$6,000
 - \$39,000 favorable to 2019 Budget
 - \$64,000 favorable to 3yr Average

Prepared 4/22/2019 By:

Mike Peters, Director of Food and Beverage

Michael R. Salmon, Director of Finance

Robb Etnyre, General Manager