

## **FOOD CONCESSIONS AND SALES**

Most major aquatic centers with significant event and community recreation components have facilities for food concessions. The BHAC design includes space for a concessions area designed to support both the competitive events and general community use, particularly during peak use times of the Leisure Pool. The City of Bellevue currently does not have any existing model for food concessions at a facility of this nature. During the Feasibility Study process the City recognized this and suggested that food concessions not be a positive or negative revenue element of the Feasibility Studies.

The City/ARC 2020 Study did, however, include daily food concessions in the Business Model. The City/ARC 2020 Study model projected an in-house City run concession service. The Profit and Loss Summary of this concession model is below:

### *SF/ISG and City/ARC Concession Model P & L Analysis*

Category	SF/ISG Preferred Option	City/ARC Option #1	City/ARC Option #2	City/ARC Option #3
City/ARC Model				
Gross Daily Concession Revenue		\$82,474	\$97,461	\$103,711
Event Concession Revenue		NA	NA	NA
<b>TOTAL GROSS REVENUE</b>		\$82,474	\$97,461	\$103,711
Concession Staff Costs		\$76,966	\$76,966	\$76,966
Food and Supplies Costs		\$24,742	\$29,238	\$31,113
Other Expenses				
<b>TOTAL EXPENSES</b>		\$101,708	\$106,204	\$108,079
<b>Net Revenue (Deficit)</b>		<b>\$(19,234)</b>	<b>\$(8,743)</b>	<b>\$(4,368)</b>
<b>Profit Margin</b>		<b>-23%</b>	<b>-9%</b>	<b>-4%</b>
SF/ISG Model				
Outsourced Vendor Commission	15% of Gross Sales			
Revenue from Vendor Commission				
Daily Concession Commission	NA			
<b>Event Specific Commission</b>	<b>\$43,000</b>			
(Event Worksheet Attach. #13-15)				

**NOTE:** NA indicates this component was not included in the respective study.

Food Concessions are considered by many facilities as a service to users, enhancing the value of the experience of the BHAC, but even in these cases the Concession model is not a money loser. It is at

least a breakeven proposition. Many comparable facilities utilize an outsourced food vendor and collect a fixed rental on the Concession space or a percentage commission on gross sales. Within either model Food Concession revenue represents a revenue upside for the BHAC. In the next steps it will be important for the City of Bellevue to explore concession opportunities, both in-house and outsourced. Although this will not be a significant impact on the overall financial model, understanding the concession options and actually engaging a potential provider of food services will be very helpful as the City updates and refines the design space. If the City is considering outsourcing the service it will be helpful to understand what the vendor would need and want in the facility. Currently the City/ARC 2020 Study Design Option has a total of 1,550 sf for concessions, including Concession working space and storage. That is quite large, especially the storage if Concessions are outsourced.

If the City further explores in-house concessions it will be important to further clarify the business model to better assess needs and opportunities and improve the Concession financial model. This analysis will include:

- Evaluation of operating hours (school evenings may not be high traffic times for concessions)
- Evaluation of staffing level needed based on projected user load by day and time

#### Other Sales Opportunities

Other sales and vending opportunities exist at the BHAC. These opportunities create revenue and member/user benefits when food concessions are not open. These include the following:

- Kiosk sales at the front desk
  - Beverages and packaged food such as energy/protein bars etc.
  - Basic equipment such as aquatic and fitness accessories such as caps, goggles, training equipment, etc.
  - SF/ISG projected annual net revenue of \$6,000
  - No revenue in City/ARC 2020 Study Model
- Vending Machines
  - SF/ISG projected annual net revenue of \$6,000

#### **NEXT STEPS**

- City of Bellevue to explore Food Concession options
- Further refine Concession design and space elements based on Food Concession Option findings