

Where's the Beef?

Many residents have asked what caused the predicament that we are in with our Food and Beverage operations? I felt that this would be a good time to explain where we have been and where we hope to be.

Back in 1996 when we first opened the Legacy Hills Grille, we were under a management contract with Prince Food Systems out of Houston. Prince operated the Grille and catering operation for two years until the Community Association (CA) decided to manage the operations in house. This move saved the Association approximately \$70-80K per year in management fees.

We opened Accents Café in May 2001 with a business plan to provide casual breakfast, lunch and dinner with wide-ranging catering services. Accents Café was originally designed to incorporate the following programs: Home Meal Replacement (or Meals To Go), Home Delivery, Comfort Food Buffets, Themed Buffets, Bakery, In House Catering and Full Bar Service. Though the years of operation, Accents Café has experienced several changes and alterations in order to reduce labor costs, increase revenue, and offer value to customers and residents.

In the fall 2005, the Board decided to outsource our Golf and F&B operations primarily for financial reasons. In November of 2005, the CA sent out Request for Proposals (RFP) to six Food and Beverage management companies in our search to outsource the facilities. We received interest and formal response from three. As we all know, Sodexho was selected from that pool of bidders. Some residents have now come forward and criticized that process, the selection of Sodexho, and the Task Force involved. I can honestly say, at the time, the decision was a good one and was a result of many hours of hard work and investigation. The Committee, Staff and the CA Board all felt that Sodexho would provide improved operations at reduced costs for the Association. From my perspective, it was not the process utilized by the Task Force that failed, it was Sodexho that failed to perform.

Sodexho's initial pro forma proposed a subsidy for the first twelve months of approximately \$114K. As I stated previously, this did not include approximately \$200K in CA's fixed expenses (reserves, property taxes, utilities, maintenance, etc). In their first six months at Sun City, the actual subsidy amount was over \$300K, with the monthly financials trending downward rather than in a positive direction.

During the budget process this fall, Sodexho proposed a budget \$150K subsidy for the Association for 2007, which was adjusted to \$130K during budget meetings with the Finance Committee. These meetings were in October, at which time Sodexho felt like they had a better understanding of our operations and that the \$130K subsidy amount was realistic and obtainable.

Many residents have asked why the termination of the Sodexho contract occurred so quickly. The bottom line is that Sodexho was unwilling to guarantee their proposed budget for 2007. Furthermore, they were not operating in a financially responsible manner, and in many respects, were not pleasing our residents with their style of management and service.

The Food and Beverage Committee (Committee) was Chartered in January 2007 to enhance resident satisfaction, communication and support with our restaurant and catering operations. Within weeks of their inaugural meeting, their mission had changed

to search and selection of new operators. With their new charge, the Committee sent out approximately fifty Requests for Interest (RFI) letters. I might add, they are utilizing many of the forms and processes utilized successfully by the Golf Bid Task Force in their selection of EAGL. Below is the **tentative** timeline that has been developed by the Committee for the selection and start-up of our new restaurant vendors:

- February 20, 2007 - Final Draft of RFP for review by CA Board, Finance Committee and Attorney
- March 7, 2007 - RFP Issued
- March 21, 2007 - Mandatory Pre-Bid Conference
- April 4, 2007 - Proposal Due Date
- April 12, 2007 - F&B Executive Session
- April 12 thru May 3 - Interviews with Finalists
- May 10, 2007 - Final Recommendation by Committee (Board Workshop)
- July 1, 2007 - Opening of All Three Operations (no later than)

It is quite obvious the Committee has their work cut out to find new operators to manage our restaurants and catering facilities. The Committee feels that it is in the best interest of the Community to bring in at least two separate operators and not contract with any one group to oversee all of our facilities- Legacy Grill, Accents, and the Catering Operation. Additionally, we are only interested in proposals from operators agreeing to manage under a Profit/Loss scenario and not expecting the CA to pay a management fee. Under this approach, the CA would negotiate lease agreements on the buildings, and the operator would pay utilities, repairs and maintenance, operating expenses, etc., with no payments from the CA if losses are incurred. Furthermore, the concept of allowing multiple preferred caterers to service our resident needs is being considered in this process. Better said, residents would have a list of approximately three caterers by who they could use to cater at the Ballroom or Park Pavilion.

It is quite unfortunate that we will experience a few months without restaurant facilities on our property. It is important that we ensure the best fit for our operations and do not rush into any hasty decisions. I realize this creates a hardship for some, but I stand by the process and timeline that we are following. The bottom line is that our Association could not afford to continue at the financial pace we were experiencing with Sodexo. To assist during this transition period, we have arranged for residents to continue their catering plans by utilizing services from the three caterers listed below:

The Three Amigos - George Hampton (512) 763-1334- glh44x@suddenlink.net

Nemec Catering - Jeannette Nemec (512) 863-2676-rjnemec@verizon.net

Laurie's Catering - Cherry Vest (512) 863-5875 or <http://www.lauriescafe.com/catering.htm>

These local caterers have agreed to our guidelines and understand the needs of our residents during this transition period. Additionally, during this timeframe we will allow resident groups to reserve the restaurant patios and or dining rooms for socials and potlucks. There is a list of guidelines that must be followed when using these areas and will be provided by Cynthia Chapman when the space is reserved. Furthermore, we will allow resident users to hold potlucks in the ballroom and activities center during this transition period, and only until the new operators are in place. Guidelines for this type of event are also available from Cynthia.

I encourage all residents to support the work of the Committee and provide them input and consideration during this transition period. I am hopeful that we will select operators who are service oriented, have a strong spirit of entrepreneurialism, and will provide us unsurpassed quality and wow within our restaurants. We all want our restaurants to succeed and this may be our last opportunity to ensure we continue to have these wonderful amenities in our awesome Community.