



The Club at Cobble Creek

Board of Directors Memo to the Membership

Date: 11/2/2022

Subject: Food Service Background Information

PURPOSE:

This document is being presented to the Members of The Club at Cobble Creek in order to provide proper background on the current and former state of Food Service here in Cobble Creek. It is also the background to help Members help the Board of Directors (BOD) determine what the future of Food Service should be here in Cobble Creek. A Survey will be sent out shortly to all CC households to allow each to provide their opinions on the direction Cobble Creek should take with its Food Service options.

HISTORY of FOOD SERVICE:

The Club at Cobble Creek has offered various Food Service options ever since the Creekside building was built around 2001. Numerous outside Restauranteurs have operated the Food and Beverage (F&B) operations for the Club. This included Frank Cork, Stone House, Lorenzo's, Ted Nelson, and Drakes. After around 2016, WestStar took F&B operations in house and created the remodeled Creekside building as it exists today.

Tiff Hayden, the developer of Cobble Creek, managed the F&B operations until around 2016. It was then handed over to WestStar. In regard to having the restaurant business, Tiff stated, "I always treated the restaurant as an expected expense, but felt it served as an amenity (much like the golf course, clubhouse, fitness center, etc.) to attract home and lot purchasers." He also stated that during his watch the restaurant lost around \$90,000 to \$110,000 per year. This is without charging the Restauranteurs anything for using the building.

When WestStar took over the operation, they invested significant capital in a remodel, hired professional staff and a professional restaurant consultant to try and make a successful upscale full-service dining establishment. Based on information from WestStar financials and Randy Griffin (the GM at the time), the Creekside restaurant lost anywhere from \$266,000 to \$352,000 per year over the 3 years it operated. The consultant that was hired said the main reason for the restaurant losing money was that not enough patrons frequented the restaurant. They estimated that only about 30 - 40 local residents visited it on a frequent basis.

When the Club was transferred to the Members at the end of 2019, one condition of the transfer was to close the Creekside restaurant because it was determined that the community could not accept substantial losses. Since then, the Creekside building has been unoccupied. At that time, a committee was formed to try and find a third party to take over the restaurant. Discussions were held with the Stone House, Trattoria de Sofia, and others about establishing a restaurant in Creekside. None of the

parties felt that they could make it work. For a short period, Stone House provided a limited menu pizza operation. Covid hit and Stone House was unable to continue to staff two locations and withdrew. That is where we stand today.

CURRENT FOOD SERVICE:

Currently, Cobble Creek's Food Service operation is very broken up and disjointed, with (3) separate areas of use. There are two separate Kitchens, one is next to the Tavern located inside the Clubhouse. The second is located inside the Creekside building. In addition, upstairs in the Clubhouse is a catering kitchen which is not set up for cooking, only prep, holding and storage.

The Tavern kitchen operates as the primary food service outlet for The Club at Cobble Creek. In addition to weekly events such as Taco Tuesday, Friday Happy Hour with meals, Bar Pub style lunch service and public and member golf outings, the Tavern hosts public and private events on a regular basis. For daily use, the Tavern works well for serving golfers before and after their rounds. With the majority of the activities centered around the clubhouse, food and event service primarily starts with the downstairs kitchen. The challenges faced in food preparation are that the space is very small, food options are limited without ovens in the same building and inability to cook certain items indoors without a fire suppression system. Items with higher grease contents such as burgers must be cooked outdoors on the grill. Rain, snow, wind and hot or cold temperatures make it difficult for the staff to work.

The Creekside building has a more complete kitchen and has a few key things that are missing in the Tavern, such as Ovens, Fryers, and a Fire Suppression system, though some of its equipment is currently not operational. This kitchen needs approximately \$25,000 in repairs to get everything up and running for full use. When events are held that require ovens to be used, they must wheel food back and forth from Creekside. This is a major logistical obstacle with large events. During the winter months, they are forced to put hot items on carts and go through rain, sleet, and snow to bring food from Creekside, into the Tavern, and then wheeled upstairs to the catering kitchen to be placed in warmers to regain temperature.

The catering kitchen is upstairs next to the Banquet Room, which seats up to 115 people for larger events such as weddings, reunions, meetings, and memorial services. This does not include the outside areas of the upstairs patio and bridge to the fitness center, which are sometimes used as overflow for larger events. This Kitchen stores all of the service ware, utensils, etc. for events. It also has a dishwasher, refrigerators, freezers, and a warming cabinet to make holding events easier.

Another issue with our disjointed setup is storage. Space is very limited. Dry storage is in one room. Refrigeration and freezers are upstairs, downstairs, and across the street in Creekside. Glassware and plates are on one floor, and the majority of the service is on another, except for special events. On Tuesday and Fridays, all utensils and plates must be taken to the second floor to the dishwasher.

FOOD SERVICE OPTIONS GOING FORWARD:

As we all should know, the Club is no longer in a position to subsidize any F&B services. Now that we are a member owned Club with limited financial resources, the Club ideally needs to run as a business that generates enough income to not only cover the costs of the Services we offer, but also generate

additional income to cover all the costs of running and maintaining the Club. If done properly, the F&B operation can provide a nice amenity for the Members, while also generating some of this additionally needed income. This would especially be true if we were capable of catering larger Banquets and Weddings, which can be great revenue generators. Additionally, if we are managing the F&B operation ourselves, we can be more flexible in the type and frequency of food offerings based on what is being supported and what is not, as well as adjusting the F&B operation for our seasonally based business.

As a Group we need to decide what type of F&B services we want to have and are willing to support, so those services do not cost the Club money, but can actually contribute profit to help cover other costs. We have numerous options and opportunities, each with different up-front costs, different ways to use the space we have and different levels of income they would produce. There are also numerous challenges we have with improving the F&B operation. One of those major challenges is that some residents want another Full-Service restaurant provided by an outside vendor to be located in the Creekside Building. After talking with the Colorado Liquor Control Board, the possibility of having (2) Liquor Licenses on one property appears to be very unlikely and/or very risky. It is a complicated issue that would most likely require an attorney, but in simple terms, they felt it would not get approved and if it did, then if a violation occurs and the Control Board cannot determine which License was at fault, then both licenses could be in jeopardy.

Since our funds are limited and we need to generate revenue;

The Big Question is: “How do we spend the least amount of the Club’s money for a Food Service operation that will generate the most revenue that the entire community will support.”

Here are some of the questions that need to be answered to move forward:

- 1) How do we make best use of the Creekside building space which is currently unoccupied?** (The number of options is too long to get into in this document, but include; Leaving empty, Leasing, use for needed Club space, relocate other areas to Creekside to open them up for other uses, etc.)
- 2) How much will the City help fund with a Grant?** (There is a potential for the City of Montrose to provide us with money for some types of projects if it benefits all of Montrose, provides employment opportunities and generates higher Sales Tax dollars. This means any expansions of a Kitchen area, adding additional seating for the General Public to use and adding more employees would be good incentives for the City to help fund the projects. The exact amount will not be known until we put together a defined plan with architectural drawings and projected costs to submit to the city)
- 3) Can we support a Full-Service Restaurant?** (Past experiences and knowledge say no, not without a required minimum)
- 4) Would Members support a F&B minimum monthly requirement to help subsidize the restaurant operation?** (This is how other Clubs support their F&B operation)
- 5) Would Members support have expanded and improved Food service, but not a Full-Service restaurant?** (Would require some type of improvements to the Kitchen areas and Dining areas)
- 6) Do we want the F&B operation to generate revenue or just be an amenity that breaks even?**
- 7) Do we want to have a members only dining area or allow all seating to be for the Public as well?**

- 8) How do we create additional seating so we can service more patrons?** (With the additional housing coming in around us, there will be opportunities to service more of the Public and generate additional revenue)
- 9) Do we want to be able to host larger Banquets, Weddings, and Events for more revenue generation?** (Would require improved kitchen and seating areas)

The Club needs continued growth. The current sales volume of the Tavern is a great improvement, however much more growth is needed. As revenues from Club members do not provide the needed injections of net gains for the Club due to discounting, the need for more outside events is paramount. The food and beverage operation also needs to be looked at as an amenity and draw for potential members. New members are vital to the long-term survival of the Club.

Despite new home construction in the area, attrition due to our aging membership will outpace current membership growth rates unless changes are made. With 56% of our membership age 70 or over and 30% over the age of seventy-five, potential new members need to see the Club as a draw rather than their parent's country club. Tastes and activity choices are changing.

The old club models will not work going forward. Casual, or upscale casual, is the direction being led by emerging markets of younger Club members. Successful golf facilities are investing in amenities at a higher rate than golf course infrastructure. While some costs are unavoidable, if there are no customers down the road it does not matter what the course looks like. Food service leads the way for amenities, followed by family focused fitness and activities, combined with new offerings to appeal to current members and recent retirees moving to the community.

Let's all band together and create a winning solution.