

Subject: Re: Fw: Trumpets Working Group
From: "Robert E. Frank" <BobFrank@Cox.Net>
Date: Mon, 26 Nov 2007 21:22:37 -0800
To: patti.shock@unlv.edu

Patti,

This is a re transmittal to you of my previous email on 10/15/2007 @ 3:58 PM. My intent was not to be critical, but to be a partner in the process. People should know by now that when you ask for my opinion, I will give it to the best of my experience and abilities at the time.

After reviewing the following, I recognize that I could have taken a bit more time to soften some of the words. Unfortunately, since some of your committee members spend a lot of time creating unfair personal attacks on me on the blogs, I probably let some of my frustration with them leak through into this message.

Just as you would like for people to acknowledge and respect your career expertise in the restaurant and training business, I would ask that people respect my many, very successful years in the contracting and contract administration career areas. I believe I can support my opinions in the contracting area, if given the opportunity.

Meanwhile, I have seen the latest draft of the RFP, and I am curious if you have specified the "RFP" format and style based on your experience, or is this something that someone else has designed? It looks like a Request For Information (RFI) instead of an RFP. Perhaps in the restaurant sector, this might be a "normal" way to award a lessee? I can see some real problems in negotiating the final terms and conditions in a fair way to other bidders.

Bob

Dear Fellow Board Members and Committee Members:

While I truly appreciate the hard work of the committee, it is clear we need much closer teamwork with all board members to be fully successful on this project. This survey is not really ready for sending out, and my comments below will explain why I can say that.

To begin with, I trust that all who read my comments will recognize that I am working in the best interests of this community, and that I am not being critical of any work that has preceded this current effort. Good staff work allows for a wide variety of opinions to be expressed, and the ultimate decisions that come from such open discussions are almost certain to be superior. I do not claim to know all, or to even suggest that everything stated below is totally clear or accurate. I am just commenting in detail when requested to do so.

Unfortunately, this survey is not ready for public comment because I do not believe it could produce the kind of useful information needed to help us make some strategic decisions about the restaurant facilities. If sent out as is, there would have to be yet other surveys sent out, and that would take many weeks, and cost a lot more money, than if we take the time to get it right the first time.

I would like to recommend that we have an open board workshop with the committee and residents to work through the necessary issues. After that, the survey can be updated and sent out via the Spirit, email, web site and/or the RMI billing statement cycle. Hit as many distributions points as possible and get as many people involved as practical.

Some examples of survey items that urgently need clarification include:

- "Private vs. Public access"? ...to the restaurant and/or catering services. While that is part of the survey, it is not highlighted as the most important/key issue--as yet.

I believe the vast majority of homeowners will want to restrict all food services delivered on the premises to be for residents only. If true, the survey must focus getting that issue clearly stated so the costs-benefits are clearly understood and the replies are unambiguous.

Moreover, some financial projections must be included to reflect the costs-benefits of private vs. public access. It is clear that restricting customers in the restaurant and to catering services to homeowners is likely to reduce the potential revenues/net returns to the association. But, as we saw in the past, ignoring the facility costs to allow public access can be a very serious impact to our bottom line. While requiring the operator to absorb the utilities and related operating expenses would be a vital improvement over the past, there are other cost issues such as maintaining repair of the full complement of equipment and putting aside reserves to replace equipment and facilities at the exceptionally higher levels needed for providing public services--than if we had SCA-sponsored-only food services on our premises.

Also, some people may believe that restricting access to SCA only would not be profitable in the restaurant, and that it could greatly reduce the profits from catering. I am not convinced of that, and I would need some facts from credible sources to make a board recommendation. With 7,144 rooftops, and about 15,000 residents during the next few years, I strongly believe that a competent restaurant operator could win the customer loyalty of our community, and make a decent return on his/our investment in the process. And, I strongly believe that a competent catering operator could serve the full Las Vegas valley with profitable catering services from our exceptionally well designed and equipped kitchen without needing to deliver any non-resident food services on our premises. Our approach should allow for options to have one or two operators for these internal vs. external food service functions. And, our committee needs to do some research to confirm or deny any assumptions in this area.

- Self-managed vs. Lease? The survey does not provide financial information on the options, and gives no information on the cost-benefits of each. Asking residents to choose which option they prefer without warning them of the potential losses and dues impacts of a restaurant failure is highly deceptive. We know better, and our homeowners, sooner or later, will demand full disclosure on the estimated financial impacts and/or benefits of each option. While all of the details are not yet available, our expertise at UNLV should be able to provide industry data to use as benchmarks for homeowner consideration.

Another point is that there is a no chance this association could or would "hire employees" and truly run it. I say no chance because we would have to create a wage and salary administration and benefits system just for that purpose. No Board could ever seriously

consider implementing such an option, and it would be wrong to include it in the survey as a possible choice.

The only viable option for "self-managed" would be through a contract, as we already do with RMI, and other contracts. In that scenario, the community would own and operate everything and dictate the restaurant style, the menus, absorb all of the risks of running the restaurant. However, even if a decision was made to self-manage the restaurant, I doubt that this community would allow the Board to also self-manage the large-scale catering kitchen that could serve the public markets.

- Costs to Re-open vs. Costs to Operate? Without some cost data on these vital factors, unit owners are unable to make coherent choices. The cost factors will vary widely depending on the type of contracts, and the included terms and conditions. Some cost factors must be estimated and included, or the survey will have marginal value. Totally ignoring cost factors is not respectful of our homeowners. After what has happened in the past, our homeowners will demand to know the numbers.

For example, what will it cost to bring the restaurant and catering facilities up to full operating status? Is it possible or even likely that over a million dollars will be required to repair, upgrade, and refurbish everything--including facility repairs to furnishings, floors, walls, painting, plumbing and electrical? And, would it be feasible to lease the facility out "as is" without spending that cash? Considering that most restaurants have to configure a bare box with upgrades and restaurant equipment, I am told that leasing our exceptionally well-equipped facility "as is" could be well worth investigating.

In addition, here are some comments on the key questions/categories:

1. Should we have a restaurant in Anthem Center? ____yes ____no

I do not agree with the thrust of this question. The inescapable fact is that we own a very extensive restaurant and massive kitchen facility. You said yourself, we have one of the largest and best equipped kitchen facilities, and one of the best Strip Views of any restaurant facility in Las Vegas. The question is What should we do with the food service facilities we have? Included should be a list of the space, contents, and values of what we own and what potential revenues/profits could be achieved--with the proper operator. Also stated is the fact of life that the community simply could not allow such extremely valuable resources to go unused, or to spend major funds to convert them into amenities that become yet additional operating costs leading to major increases in dues. No, we have no choice but to find the best way to use these resources to generate positive cash flows by providing the food services we need to at least support community activities and club operations.

2. Should the management of a restaurant be: (choose one)

The options under this questions are ambiguous and seem deceptive. As previously mentioned, the first choice is not valid. And, the 2nd and 3rd options do not clearly state

the risk-reward considerations. For example, no mention is made that SCA has already tried both options 2 (under Del Webb) and 3 (under S&D Cafe V), and lost a great deal of association money on both cases. Some information must be included to compare and contrast the 2nd and 3rd options, and indicate the pros and cons of each and explain why our association can expect to not lose money again.

3. Should the restaurant serve: (choose all that apply)

These choices do not include food service considerations for all three recreation centers and catering for clubs and village events, and they do not ask the resident to clearly state how often, and on what days and times, and if they would bring guests to patronize the SCA restaurant—if something to their liking was put in operation and continued to serve their needs. Even if such data was collected, it would not be easy to analyze, but not even asking is missing a major opportunity. Sure, you could always ask later, but the replies are needed in the beginning—to help sort out the strategic directions.

4. Indicate \$\$ amount you believe is appropriate to spend, per person, before beverages, tax & tip:

This question will not give us sufficient data. We should ask them to give us a specific cost and service target to meet or exceed. And, the total cost of a meal should include the per-person walk away cost. For maximum benefits, we should ask them to also name from one to three local food service facilities they would like the SCA restaurant to equal or exceed in decor, quality, and pricing. This would give us truly invaluable information.

5. Should the restaurant offer a Happy Hour? yes no Entertainment?
yes no

To me, this is a minor question that takes up space that could be used for collecting more valuable data. Both answers are almost certain to be yes, so why ask? The issues will be resolved much later in the process.

6. Should the restaurant be public or private? public private
(Private means residents & their guests only & requires monthly minimum food purchase per house, e.g. \$20-\$40.)

Since the public and private terms are not clearly explained, and since the statement incorrectly states that if private they would automatically be required to pay for minimum purchases, I consider this to be openly deceptive and improper. There is no factual basis for including the second line about minimum purchases. This question and statement alone could distort the value of the whole survey.

7. Should the restaurant offer catering? yes no

Another lost opportunity. With such plant and equipment in place, there is no viable option to not offer catering to at least the Activities Department and Club operations.

Why is such a question included as one of the most critical 10 questions to be surveyed?

8. Should we keep the name Trumpets? ____yes ____no

Suggested name if no is selected _____

Sorry, but I see as yet another lost opportunity. We should be asking different questions and using our survey space more wisely. Restaurant naming is a complex, marketing art form. Intellectual property and branding is a vital matter for both SCA and our corporation. The food service names used in the LV area have to be considered if we are to change the name. Actual experience by Del Webb suggests that the restaurant naming is something that comes much later in the process, and it is never decided through popular voting. While the name Trumpets has a current stigma, it is not clear that permanent damage has been done. With the proper marketing program, the stigma can be overcome. However, it has to be a management decision that comes after the operating strategy is decided.

9. Should the restaurant offer video poker in the bar? ____yes ____no

This question is improperly stated. First of all, the consequences of installing video poker has just recently been considered in a community survey and soundly rejected. However the circumstances about the rejection were clouded by the other factors involved. Since there are no cost-benefits included, the question is clearly structured to get a no comment. However, what if the video poker machines were not in the bar area? What other options are possible--Rec. Ctr 2 or 3? What would be the profits achievable from a using a dedicated area, such as the Green Room, or the library/reading room area, the St. Rose office area, or a space in Rec Ctr 3--in lieu of the restaurant bar area? Many people would reject the idea of "ruining the Trumpets Bar area" but perhaps not objecting if such a service was installed in one of the other facilities. While I am not personally in favor of providing SCA video poker services, I think the question should be studied and evaluated before being totally rejected.

10. During a one month period, how frequently do you go out to eat? Combine Breakfast, Lunch & Dinner: _____

As previously stated, I believe this question should be integrated with the former question in order to get better, consolidated, and more usable data.

Bottom line: we need to have one or more Board Workshops with the committee to formulate a joint effort that will get us the data we need--the first time around.

Sincerely,

Bob Frank

Director
505-9959

Mike Dixon wrote:

To All

I need concurrence today to get this into the November Spirit

Mike Dixon
----- Original Message -----

From: [Mike Dixon](#)

To: [Barry Friedman](#) ; [Robert E. Frank](#) ; [Kay Dwyer](#) ; [Roz Berman](#) ; [Bob Berman](#) ; [Lanie Berg](#)

Cc: [Terry DaSilva](#) ; [Caren Carrero \(E-mail\)](#)

Sent: Friday, October 12, 2007 8:14 PM

Subject: Fw: Trumpets Working Group

To all

Attached is the proposed survey created by the Trumpets workgroup. The group proposes that the survey be included as an insert in the November Spirit mailing. Because there is a printing deadline, I'd like responses from the board by Monday, October 15. Please review the attachments and give me your comments.

Mike Dixon

----- Original Message -----

From: [Board President](#)

To: mikedixon70@earthlink.net

Sent: Friday, October 12, 2007 7:50 PM

Subject: FW: Trumpets Working Group

From: patti.shock@unlv.edu [<mailto:patti.shock@unlv.edu>]

Sent: Tue 10/9/2007 5:46 PM

To: Board President

Subject: Trumpets Working Group

Hello Mike -

Attached are the cover letter and survey developed by the Survey Committee and updated following input from the larger group.

These need Board approval.

If there is anything we need to do logistically to facilitate inclusion in the next Spirit mailing, please let me know.

Patti J. Shock, CPCE
Director of Distance Learning

Re: Fw: Trumpets Working Group

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