

Finance Committee Report 3/5/2019

Topic: Goar Park Lunches MOU

The Board had a work session on February 27, 2019 with Goar Park Lunches (GPL) to discuss common agreement and ask questions. After a thorough conversation at the finance committee meeting on March 5th, the committee feels significant gaps remain. It is clear that GPL wishes to continue using the kitchen and cafe to serve the homeless population. Bisbee Radio Project (BRP) wishes to recuperate costs and use the space for other revenue generation.

Here is a summary of the financial conversation:

- GPL offered to set the rental price at \$600/month which they stated was in line with renting Thuy's or Anna's Seasonal Kitchen. BRP has a counter offer on the table at \$1250 which they stated was too much.
- GPL received \$5000 grant monies to cover refrigeration which comes to \$417/month.
- GPL offered to pay a deposit but not wear and tear costs.
- GPL stated that they are preparing and serving food about 20 hours per week. Access to the building is required for 7 days a week since they pick up food from Safeway everyday.

Discussion

GPL has offered to pay \$7/hr (annualized) for commercial kitchen, food storage and refrigeration, heating/cooling, and 1200 square feet of serving space with tables and chairs. Basically, GPL wishes to rent a full restaurant for 20 hours per week. They balked at proposed costs that they know nothing about and blamed BRP for not doing enough to raise money. Emotions aside, there were several problems with their discussion points.

Market Comparison

There is confusion about rental costs vs utilities cost sharing. Follow up with Thuy's and Anna's Kitchen showed that major mistakes were presented to the board members present. The committee feels that accounting practices would put that money towards utilities, not facility rental costs.

An accurate assessment for Thuy's (with seating for 12) looks more like:

Rent: \$650

Electric, Gas, Water: \$500-\$700.

(no discussion of insurance and other costs)

Space Comparisons

Apples and Oranges: BRP has a much more expensive kitchen with a full hood, baking convection oven, commercial fridge, two freezers, significant preparation space, and dish sanitizing room.

BRP has a large cafe that could easily seat 50-75.

Thuy's has no heating and very minimal cooling whereas the Royale has significant space to heat and cool.

Other Facilities

One night at the Stock Exchange dining room was recently rented at \$1200.

Uncounted Costs

BRP has significant liabilities to renting the space. Bisbee Radio Project, not GPL, is responsible for:

- Heating and Cooling Costs.
- Plumbing issues with the kitchen and grease issues.
- Bathroom plumbing.
- Appliances that depreciate quickly with significant use.
- Freezers are not NSF certified. Inspector turned a blind eye, not sure if this is a problem.
- Proper disposal of food items and outside washing.
- Monthly (minimum) deep cleaning off \$250.
- Increased general Liability Insurance that includes restaurant space.
- Annual checks on fire suppression, water back flow, compressor and refrigeration maintenance.
- Food safety checks. (Currently, they have not provided a Kitchen Manager's Certification)
- Wear and Tear on the Cafe Space including floors, doors, chairs, tables.

These liabilities can cost several hundred dollars and more for each incident.

Contract Issues

GPL may in fact be Healthy Bisbee, Inc.

Conclusion

The Finance Committee takes no position about the community mission of GPL because that is not driving issue under consideration. The costs associated with GPL are far greater than the current arrangement supports. There are actual costs and future risks. The proposed \$600 is shockingly low considering the space used and the liabilities to BRP.

Beyond actual costs, liabilities and risks, there is the topic of fair rental use. Given the expanding goals of events and revenue needs, BRP's Board of Director's is clear about the need to sell more food at events and create a space that is bringing in revenue to support the mission of BRP.

Recent ideas have included renting the space for meetings and conferences, wedding rentals, coffee house/open mike nights, and contracting for food during events. The facility needs to be in top shape and available to support these kinds of events.

The Finance Committee proposal is \$1,250 per month for six months to be renegotiated. This covers the use of the kitchen, food storage, refrigerator and freezer space. There will be no use of the cafe for serving food.