

16.4 LATE ITEM – COSSACK CAFÉ OPERATIONS

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| File No: | RC.128 |
| Responsible Executive Officer: | Director Community Services |
| Reporting Author: | Director Community Services |
| Date of Report: | 18 May 2015 |
| Applicant/Proponent: | 1. Blanche Bar 2. Roebourne Visitors Centre |
| Disclosure of Interest: | Nil |
| Attachment(s) | Roebourne Visitors Centre Business Case and supporting documentation |

PURPOSE

For Council to consider the operation of the café from Cossack heritage townsite.

BACKGROUND

During the 2014 Cossack Art Awards Officers identified an opportunity to value add to the exhibition experience by considering a proposal with a local catering firm to provide a café from the Cossack facility for a period of 3 weeks. This proved to be extremely successful. The awards were catered for by ESS NYFL and the 3 week café was provided by Wrapped Creations. In March 2015 Officers were advised by ESS-NYFL (then category sponsor) that they would no longer be supporting the Cossack Art Awards. Officers have been in discussions with several local catering companies since early March attempting to secure a caterer through a category sponsor deal.

Officers have been in negotiations with the Blanche Bar as part of a larger sponsorship agreement for the 2015 Cossack Art Awards to provide the catering for the VIP and Awards nights and provide a café service for the 3 week exhibition period. The draft terms of this agreement are as follows:

- Access to the Cossack kitchen from July 16 to August 10 (includes set up and pack down);
- 1 year agreement with \$10,000 worth of benefits for the City;
- Blanche Bar to be listed as the sponsor for the Invited Artist category;
- Provision of café from July 19 to August 9; and
- Café service to run during opening hours of the exhibition (10am-3pm).

Since the City run café/kiosk at Cossack closed approximately two years ago the Roebourne Visitor Centre (RVC) has indicated a desire to operate the kiosk as a visitor experience and a potential supplement to their existing revenue streams. In May 2015 the RVC forwarded a proposal to the City which sought permission to operate the café from Cossack heritage townsite (attached). The RVC business case proposes to operate the facility from June to October.

The Centres cover letter details the following-

The Roebourne Visitor Centre wish to request that the City of Karratha consider the attached business case as an application for the in-kind use of the Cossack Kiosk and the adjoining rooms between the months of June and October 2015 for the purpose of creating a social enterprise.

It is requested that the City of Karratha allow the Roebourne Visitor Centre to utilise the facility and its current contents at no charge and that outgoings, such as electricity, water and maintenance continue to be covered by the City of Karratha.

Not only, will the management of the Cossack Kiosk diversify the visitor centre's income stream, enabling us to become a more self-sustainable organisation, it will re-activate the underused space and create a drawcard to the site for the regions visitors and locals alike.

Once the potential for a clash in operations was determined, Officers briefed Council at the May briefing session (12 May 2015). Following the briefing session, officers approached both organisations to investigate any opportunities that may provide an advantageous outcome for both parties. Given the short timeframe the parties were unavailable to meet and discuss matters, hence officers are seeking Council consideration of the matter.

It also should be noted that the City would normal charge a hire fee and reimbursement of outgoings for the use of a facility such as the Cossack Café. However, given the previous lack of interest demonstrated by local business to operate the café, Council may be open to granting such concessions.

The RVC's Manager verbally advised officers today (May 18) that should they be unable to secure the operations of the Café during the Cossack Art Awards it is unlikely that it would be financially viable to operate the service at all in 2015.

The Blanche Bar has already commenced securing resources to ensure the event is a success. The Blanche Bar is open to approaches from the RVC that would provide an advantageous outcome for both parties, noting the terms of sponsorship agreement with the City.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CE-8 Significant Decision Making Policy, this matter is considered to be of low significance in terms of social and economic issues.

COUNCILLOR/OFFICER CONSULTATION

Councillors were briefed on the matter at the May 12 Councillor Briefing Session.

COMMUNITY CONSULTATION

Officers have been in discussion with the Blanche bar and other local caterers since early March 2015 and have since agreed in principle to terms and conditions regarding the sponsorship.

Officers have been in contact with the RVC to facilitate a potentially advantageous outcome for both parties since becoming aware of the potential clash in operational requests.

STATUTORY IMPLICATIONS

Section 3.18 of the *Local Government Act 1995*.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

The Cossack Art Awards agreement between the City of Karratha and the Blanche Bar is valued at \$10,000.

The Roebourne Visitor Centre proposal requests consideration to:

1. Utilise the facility and its current contents at no charge;
2. Outgoings, such as electricity, water to be the responsibility of the City; and
3. Maintenance to be the responsibility of the City.

The cost of this support is yet to be quantified but is likely to not material in the context of the Council's overall budget.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2014-2015 provided for this activity:

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| Our Program: | 1.a.2.6 | Operate Community Facilities. |
| Our Services: | 1.a.2.6.2 | Provide and manage community recreational facilities. |
| Our Program: | 1.d.2.2 | Develop and implement strategic partnerships that assist in the provision community infrastructure and service delivery. |
| Our Services: | 1.d.2.2.2 | Source new partnership agreements. |

RISK MANAGEMENT CONSIDERATIONS

There are no risk management considerations applicable.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

The 2014 Cossack Art Awards operated under a similar model to the recommendation of this report in the 2014 year.

VOTING REQUIREMENTS

Simple Majority

OPTIONS:

Option 1

As per Officer's recommendation.

Option 2

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to not support the sponsorship agreement with the Blanche Bar for the 2015 Cossack Art Awards and approve the request from Roebourne Visitors Centre to operate the Cossack Café at a peppercorn hire fee and no contribution towards outgoings, NOTING the potential loss of Blanche Bars \$10,000 sponsorship towards the 2015 Cossack Art Awards.

CONCLUSION

Officers have negotiated an agreement with the Blanche Bar to sponsor the Cossack Art Awards to a value of \$10,000. In May 2015 the Roebourne Visitor Centre submitted a business case proposal to the CEO to operate the Cossack Café that conflicts with the Cossack Art Awards Blanche Bar sponsorship.

Officers are recommending endorsement of the Cossack Art Awards sponsorship and approve the Roebourne Visitors Centre to operate from the Cossack Café post 10 August 2015. While this does not fully accommodate the Centres proposal it will provide the Centre access to the facility at peak months as outlined in their business case. Council may also wish to consider the Centres tenure for the 2016 tourist season, given the terms and conditions proposed in the Roebourne Visitor Centre proposal.

OFFICER'S RECOMMENDATION

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to:

- 1. ENDORSE the sponsorship agreement with the Blanche Bar for the 2015 Cossack Art Awards noting the following terms:**
 - a) Access to the Cossack kitchen from July 16 to August 10 (includes set up and pack down);**
 - b) 1 year agreement with \$10,000 of benefits for the City;**
 - c) Blanche Bar will be the sponsor for the Invited Artist category;**
 - d) Provision of café from July 19 to August 9; and**
 - e) Café service to run during opening hours of the exhibition (10am-3pm).**
- 2. NOTE the Blanche Bar is open to an approach from the Roebourne Visitor Centre to explore options that are suitable for both parties for the 2015 operation of the Cossack Café during the Cossack Art Awards; and**
- 3. NOTE that Officers will continue to work with and encourage the Roebourne Visitor Centre to open discussions for potential partnerships with the Blanche Bar for the use of the Cossack kitchen for the 2015 tourist season.**

May 5, 2015.

Dear Chris Adams,

The Roebourne Visitor Centre wish to request that the City of Karratha consider the attached business case as an application for the in-kind use of the Cossack Kiosk and the adjoining rooms between the months of June and October 2015 for the purpose of creating a social enterprise.

It is requested that the City of Karratha allow the Roebourne Visitor Centre to utilise the facility and its current contents at no charge and that outgoings, such as electricity, water and maintenance continue to be covered by the City of Karratha.

Not only, will the management of the Cossack Kiosk diversify the visitor centre's income stream, enabling us to become a more self-sustainable organisation, it will re-activate the underused space and create a drawcard to the site for the regions visitors and locals alike.

Please do not hesitate to contact me should you have any further questions regarding this application.

Kind Regards,

Ruth Ellis
Manager
Roebourne Visitor Centre



Summary

The Roebourne Visitor Centre is a not for profit organization. The vision for the RVC is:

To be a vibrant and valued facility which showcases and interprets all that the Roebourne region has to offer for tourists, whilst also assisting R& DTA's financial members and other stakeholders to meet their tourism-related business/social objectives.

Heavily reliant on ongoing funding, the board are seeking an opportunity to diversify their income stream by establishing a social enterprise that utilizes the existing kiosk space at the historical Cossack town site to retail refreshments, bait and souvenirs to the sites patrons for the duration of the tourist season.

Frequently receiving feedback that the Cossack site is underutilized, and a missed opportunity, the passionate board of locals wish to use the kiosk as a way to reengage people with the site and further encourage tourism within the region whilst generating a sustainable revenue stream for the Roebourne Visitor Centre.

Description of Business

Initially, the Cossack Kiosk will serve refreshments, light meals, souvenirs and bait to the sites visitors and to provide a space for local artisans to display and retail their wares. However, it is hoped that the Kiosk will eventually become a hub for tourism bookings for a range of ventures which would utilize the site's aquatic frontage to its potential, including; Dingy rental and Kayak and Stand Up Paddle Board hire.

Location

The Roebourne Visitor Centre board are seeking permission from the City of Karratha to use the Cossack Kiosk and its contents as the premises for running a café. With ample parking and a ready to use kitchen facility*, the Roebourne Visitor would be in a position to commence operation from the site with a minimal start-up effort.

*It is requested that the City of Karratha carry out any works required in order for the premises to be signed off by the City's Environmental Health Officer.

Hours

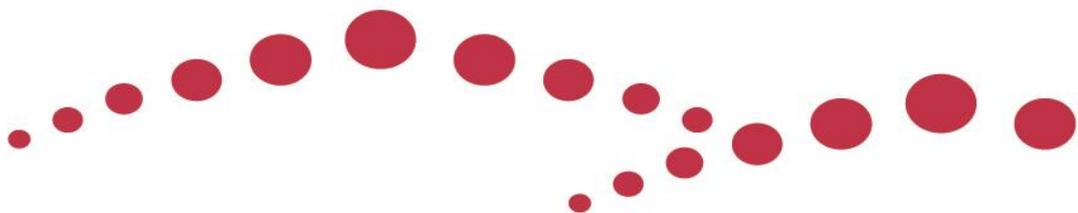
It is proposed that Cossack Kiosk will be open from 10am until 2pm Monday through to Sunday.

Products / Services

In light of the restricted power supply to the site, the café will omit from serving products which require high voltage equipment in the preparation process such as espresso coffees.

A sample menu has been attached.

In addition to the menu, the Kiosk will stock a range of ice-creams, bottled drinks and bait as well as souvenirs, merchandise and local products.



It is envisaged that the rooms adjoining the Kiosk will be offered to local artists on a short-term bases to showcase and retail their wares in return for a donation to the Roebourne Visitor Centre.

Suppliers

The Roebourne Visitor Centre will source produce from local supermarkets and suppliers such as Parry's Merchants. Beverages and desserts will be purchased wholesale and retailed for a mark-up and souvenirs and memorabilia will be provided to the site directly from the Roebourne Visitor Centre.

Management & Staffing

If successful in obtaining the Kiosk, the Visitor Centre Board will appoint Tracy Goscombe to run the Kiosk, under the management of Visitor Centre Manager Ruth Ellis. Casual staff members or local community volunteers will be called upon to assist Tracy with the operation of the Kiosk during peak times and if the demand for additional staff is large enough, the Roebourne Visitor Centre will work with NYFL to provide a placement opportunity for a hospitality trainee.

As a long-term Pilbara local, Ruth understands the challenges of operating a business in the Pilbara and having managed the Roebourne Visitor Centre since 2008, is a wealth of knowledge in tourism opportunities and visitor's needs.

Tracy has had five years' experience in tourism and hospitality, including assisting the caretakers of Cossack in the kiosk in 2010. With certifications in food handling, hospitality and barista training, Tracy is more than apt to take on the day to day operations of the Cossack Kiosk.

Marketing

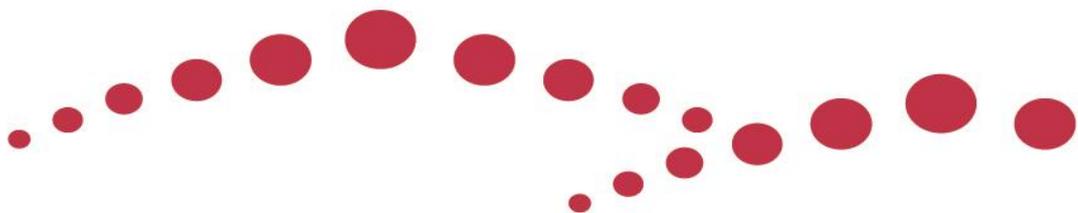
Target Market

It is anticipated the primary target market of the Cossack Kiosk would be visitors to the region. With at least three busloads of tourists per week spending an hour at the site during the months from May to October (Port to Port bus tours run daily during the months of July and August), in addition to the hundreds of self-drive tourists that visit the site during the tourism season, there is a significant captive market to which the café can offer its products and services.

A secondary target market exists in the local patrons that visit the site to recreate and attend events or are seeking an alternate weekend brunch venue.

Competition

With no other vendors operating at the historical site of Cossack, the Kiosk would face no competition in capturing the custom of visitors to the site. However, other venues such as the Roebourne Café and Wickham Bistro could be considered as being in direct competition with the Kiosk for local patronage. Given the unique facility and authentic 'home-made' menu, the Cossack Kiosk holds a point of difference which would be leveraged to attract local customers.



Pricing

The Cossack Kiosk will offer an affordable range of beverages, snacks and light meals. For pricing details, please refer to the menu.

Advertising and Promotion

The Roebourne Visitor Board and management will actively market the kiosk across a number of platforms including;

- Social Media
- Visitor Centre Referrals
- Roebourne Visitor Centre website
- City of Karratha Website
- Newspaper Editorial and Advertorial

Finance

Given that the Kiosk is fully equipped and ready to operate, there are no substantial start-up costs associated with opening the Kiosk. Therefore, the Roebourne Visitor Centre has set aside a budget of \$500 to cover the costs of any required items that are not currently available onsite. Such items will be sourced from local thrift shops in order to keep with the retro/vintage feel of the site.

The attached is outlined the projected profit and loss statement for the Cossack Kiosk.



| | May | June | July | August | September | October |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Number of Transactions | 775 | 750 | 775 | 750 | 775 | 750 |
| Average Transaction | \$ 15.00 | \$ 15.00 | \$ 15.00 | \$ 15.00 | \$ 15.00 | \$ 15.00 |
| Total Sales | \$ 11,625.00 | \$ 11,250.00 | \$ 11,625.00 | \$ 11,250.00 | \$ 11,625.00 | \$ 11,250.00 |
| COGS | \$ 2,906.25 | \$ 2,812.50 | \$ 2,906.25 | \$ 2,812.50 | \$ 2,906.25 | \$ 2,812.50 |
| Net Income | \$ 8,718.75 | \$ 8,437.50 | \$ 8,718.75 | \$ 8,437.50 | \$ 8,718.75 | \$ 8,437.50 |
| Rent | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Power | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Water | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Wages | \$ 4,536.00 | \$ 4,536.00 | \$ 6,048.00 | \$ 6,048.00 | \$ 4,536.00 | \$ 4,536.00 |
| Superannuation | \$ 408.24 | \$ 408.24 | \$ 544.32 | \$ 544.32 | \$ 408.24 | \$ 408.24 |
| Marketing | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 | \$ 500.00 |
| Cleaning Expense | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 |
| Uniforms | \$ 150.00 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Office Expenses | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 | \$ 50.00 |
| Misc Expenses | \$ 100.00 | \$ 100.00 | \$ 100.00 | \$ 100.00 | \$ 100.00 | \$ 100.00 |
| Total Variable Expenses | \$ 5,794.24 | \$ 5,644.24 | \$ 7,292.32 | \$ 7,292.32 | \$ 5,644.24 | \$ 5,644.24 |
| Net Profit | \$ 2,924.51 | \$ 2,793.26 | \$ 1,426.43 | \$ 1,145.18 | \$ 3,074.51 | \$ 2,793.26 |

Total Revenue
\$ 14,157.15

Suggested menu for Cossack Café

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| Devonshire tea/coffee | \$10.00 |
| Soup of the day with damper/roll | \$8.00 |
| Fresh sandwiches and wraps | \$7-\$8 |
| Toasted sandwiches | \$7.00 |
| Nachos | \$10.00 |
| Home-made pies/quiche and salad/sausage rolls | \$7.5-\$12 |
| Assorted home-made cakes/slices/muffins | \$4-\$6 |

Drinks:

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|------------------------------------|--------|
| Plunger coffee | \$5.00 |
| Pot of tea | \$5.00 |
| Cappuccino/Latte | \$4.5 |
| Chia Tea Latte | \$4.5 |
| Hot chocolate | \$4.5 |
| Milkshakes | \$6.00 |
| Smoothies | \$7.00 |
| Herbal tea | \$4.00 |
| Self-service teabag/instant coffee | \$2.5 |
| Juice | \$4.00 |

(estimates only)

Other items to be sold at the kiosk include:

Cossack souvenirs

Cool drinks

Maps

Chocolates

Chips

Ice creams

Local books, maps and local arts a craft for display and purchasing