City of Aliso Viejo

Agenda Item

DATE: March 1, 2017

TO: Mayor and City Council

FROM: Gracie Duran, Community Services Supervisor

SUBJECT: ALISO VIEJO CENTER MID-YEAR REPORT (FISCAL YEAR 2016-17)

Recommendation:

Receive Mid-Year Report from Wedgewood Wedding and Banquet Center for Fiscal Year 2016-17.

Fiscal Impact:

The presentation will include a financial summary of expenditures and revenue.

Background:

The Aliso Viejo Center (formally Aliso Viejo Conference Center) began operating on May 26, 2009. The center has had three operators: ClubCorp, KemperSports and ZGolf (Wedgewood). On July 1, 2015 Wedgewood entered into a five-year contract to operate the Aliso Viejo Center.

Discussion:

The attached report prepared by Wedgewood details management operations for the first half of FY 2016-17. The report identifies monthly financials as well as year-to-date and future bookings.

In the first half of FY 2016-17, the venue held 53 weddings and 54 corporate and social events. Total revenue for this period was $954,951.08 with operational expenditures, not including capital costs, of $785,575.41. Therefore, for the mid-year, the Center was net revenue positive in the amount of $169,375.67.

The following table illustrates the monthly revenue and expenditures for the first two quarters for fiscal year 2015-16 and 2016-17.
<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First Quarter</td>
<td>First Quarter</td>
</tr>
<tr>
<td>Revenue</td>
<td>$502,569.43</td>
<td>$170,568.03</td>
</tr>
<tr>
<td>Expenditure</td>
<td>$405,581.52</td>
<td>$218,981.46</td>
</tr>
<tr>
<td>Total</td>
<td>$96,987.91</td>
<td>($48,413.43)</td>
</tr>
</tbody>
</table>

Capital improvement projects totaled $42,496.21. The capital improvements included landscaping in front of the Aliso Viejo Center and adjacent Aquatic Center in the amount of $30,489.25. A new projector was purchased for $7,556.80 for the Aliso Viejo Center. New signage was installed at the Aliso Viejo Center and some other minor improvements totaling $4,450.16.

Overall, Wedgewood is exceeding expectations with revenue increasing $536,748.13 from the first half of fiscal year 2015-16.

Gracie Duran
Community Services Supervisor

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL

David A. Doyle
City Manager

Att: Wedgewood Mid-Year Report
Fiscal Year 2016-2017 Mid-Year Review

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Fiscal Year 2016-2017 Mid-Year Review

Executive Summary

This report is a summary of Wedgewood’s financial performance and strategic successes, at the Aliso Viejo Center for the first and second quarters of the 2016-17 fiscal year.

The report provides an overview of the number of events held at the Aliso Viejo Center from July 1, 2016 through December 31, 2016.

This report will address the following:

- Key Performance Indicators
- Customer Service and Key Events
- Capital Improvement Projects
- The Future Plans

Wedgewood appreciates the opportunity to manage the Aliso Viejo Center.
Fiscal Year 2016-2017 Mid-Year Review

Key Performance Indicators

Wedgewood is halfway through its second year, and is still seeing positive results.

Income Statement Review

With revenues of $926,423.45 to date, Wedgewood has more than doubled its 2015-2016 mid-year revenue of $418,202.95. Due to the large increase in events, food, and service staff needs, combined total expenses for the first half of FY 2016-17 came in at $784,661.41. This is $237,001.88 more than last year’s expenses.

Despite the increased variable expense, the first quarter was a profitable one with $89,431.11. The second quarter closed with a net income of $72,387.76. In total the 2016-2017 fiscal year is off to a strong start with a combined profit of $161,818.87 for the first six months.

Future Sales Projections

During the first quarter, the Wedgewood team secured thirty-three events for a total of $295,751.00 in future sales. Throughout the second quarter, the Wedgewood sales team booked forty-five additional future events—or $522,032.65—for a total of seventy-eight events booked in a six month period. These events are spread throughout the 2016-2019 calendar years.
Fiscal Year 2016-2017 Mid-Year Review

The chart below represents the current spread of all sales for the current fiscal year.

<table>
<thead>
<tr>
<th>2016-2017 Future Projections</th>
<th>Weddings</th>
<th>Corporate/Social</th>
<th>Total Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter 1</td>
<td>29</td>
<td>25</td>
<td>54</td>
</tr>
<tr>
<td>Quarter 2</td>
<td>24</td>
<td>29</td>
<td>53</td>
</tr>
<tr>
<td>Quarter 3</td>
<td>16</td>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>Quarter 4</td>
<td>26</td>
<td>19</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td>93</td>
<td>188</td>
</tr>
</tbody>
</table>

Wedgewood has forty-two wedding contracts for the 2017-2018 fiscal year worth $527,830, and nine social events valued at $20,327. There are also two additional bookings for the 2018-2019 year valued at $23,870.
Fiscal Year 2016-2017 Mid-Year Review
Customer Service and Key Events

Between July and September of 2016, Wedgewood executed twenty-nine weddings and twenty-five corporate/social events. October through December, Wedgewood executed twenty-four weddings and twenty-nine corporate/social events. In total, the banquet team completed thirty-one more events than they had by mid-year 2015.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1st Quarter</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weddings</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>Corp/Social Events</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31</td>
<td>54</td>
</tr>
<tr>
<td><strong>2nd Quarter</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weddings</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Corp/Social Events</td>
<td>33</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45</td>
<td>53</td>
</tr>
</tbody>
</table>

From the events completed, Wedgewood received twenty-three comment cards with an overall rating of “A”, as well as four 5-star Yelp reviews, two 5-star Wedding Wire reviews, and two 5-star reviews from The Knot. Below are some excerpts from those reviews:

**Reviewed On 11/22/2016 Chrissy W.**
This venue and the staff are AMAZING! I just had my wedding there on 11/4 and everything was perfect. Beautiful weather, beautiful pictures, and awesome coordinators to get you through the event. We had such a great wedding. I wouldn’t change a thing. Thank you again!

**Reviewed On 10/15/16 Kelly**
Overall I am so extremely happy that I chose Wedgewood Aliso Viejo. My wedding was perfect!! Brea did so much to make my day special and completely stress free. I was pretty easy going over all, but honestly I couldn’t have asked for an easier and beautiful wedding. I had a vision and Wedgewood and their vendors made it happen. I didn’t give a perfect rating because of a few minor things but overall I’d recommended them to anyone I knew that told me they want an elegant, reasonably priced and stress-free wedding day.

Maintaining this positive brand recognition is a fundamental component to growing future wedding business and a crucial element of our brand standard “Valservenience”.

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**WEDGWOOD WEDDING & BANQUET CENTER**
Fiscal Year 2016-2017 Mid-Year Review

Capital Improvement Projects

Another fundamental component of ensuring sales growth lies in the maintenance and upkeep of the facility. Brides are looking for a location that is picture perfect. They often mention that they’d like a venue whose beauty speaks for itself but also allows room for them to put their own stamp on it.

With this in mind, Wedgewood contracted with Advanced Painters to refresh the building with a new, more modern paint color. Ridding the building of the yellow undertones, allowed for the blank canvas that the clients were asking for. Adding brown baseboards and doors also provided a richness that was much needed in the new, more neutral space.

In December, landscapers also began work on the ceremony site, adding a tall arbor structure, hedges, and new plant material. The patio also commenced to receive a facelift with new planters, bright strawberry trees, and a seat wall that doubles as a privacy hedge. Work is scheduled to be completed in the 3rd quarter.
Fiscal Year 2016-2017 Mid-Year Review

The Future Plans

At the Mid-Year, Wedgewood intends to continue to focus on maximizing gains and building a 5-star reputation. Winter is generally heralded as an undesirable season for weddings due to the unpredictable weather. For that reason, there are fewer weddings scheduled than the previous two quarters; however, Wedgewood has taken this opportunity to offer Winter Wonderland Promotions to move more budget conscious brides to this off-season. The team has also set a goal of selling even more social events to minimize losses throughout the third quarter.

Wedgewood appreciates the opportunity to manage the Aliso Viejo Center on your behalf. We look forward to many years of continued revenue growth, community outreach, and customer service.