

Request for Decision United Townships of Head, Clara & Maria Council

Type of Decision									
Meeting Date	Thursday, August 15, 2019				Report Date	Tuesday July 16, 2019			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed
Report #15/08/19/1003- Municipal Bar Pricing									

SUBJECT: To review the sales pricing of alcohol in the municipal bar

RECOMMENDATION:

That Council increase alcohol prices for the municipal bar.

BACKGROUND/EXECUTIVE SUMMARY:

There has been concern from Council, Staff and Recreation Advisory Committee members that the alcohol prices in the bar are too low. Since the last schedule was created, retail alcohol prices have risen for some products between 13 and 20% while others have stayed the same or decreased slightly. Products that have not had an increase in purchase price were recommended to not increase in sale price in the following proposal.

Please note that these figures are approximate due to variations in products, distributors, pricing fluctuations, product sales etc.

The first scenario increases drinks (that were affected by price increases) by \$0.50 and the second scenario increases the same drinks by \$1.00 per drink.

	Cost to Purchase	Current Sale Price	Current Profit	Percent Profit	Proposed Increase	Proposed Profit	Percent Profit	Increase in Profit
Beer	\$2.20	\$4.00	\$1.80	45%	\$4.50	\$2.30	51%	6.1%
Caesars	\$2.55	\$5.00	\$2.45	49%	\$5.00	\$2.45	49%	0.0%
Coolers	\$2.15	\$5.00	\$2.85	57%	\$5.00	\$2.85	57%	0.0%
Wine	\$1.70	\$4.00	\$2.30	58%	\$4.50	\$2.80	62%	4.7%
Liquor	\$2.20	\$4.00	\$1.80	45%	\$4.50	\$2.30	51%	6.1%

	Cost to Purchase	Current Sale Price	Current Profit	Percent Profit	Proposed Increase	Proposed Profit	Percent Profit	Increase in Profit
Beer	\$2.20	\$4.00	\$1.80	45%	\$5.00	\$2.80	56%	11.0%
Caesars	\$2.55	\$5.00	\$2.45	49%	\$5.00	\$2.45	49%	0.0%
Coolers	\$2.15	\$5.00	\$2.85	57%	\$5.00	\$2.85	57%	0.0%
Wine	\$1.70	\$4.00	\$2.30	58%	\$5.00	\$3.30	66%	8.5%
Liquor	\$2.20	\$4.00	\$1.80	45%	\$5.00	\$2.80	56%	11.0%

Council should consider the amount of profit increase they wish to see as well as the effects that may cause. For example, larger increases can be discouraging to patrons. Having even drink prices may result in decreased tips for our volunteer bartenders. It is my recommendation that Council increases bar prices at the lower amount of 50 cents per drink. There is always possibility of review in the future.

Options:

Leave the prices as they are with no increase. Current prices are still covering the cost of goods sold and maintaining a decent profit.

Increase the price of each drink (affected by retail sales increase) by 50 cents per drink resulting in an increased profit margin of additional 4-6%.

Increase the price of each drink (affected by retail sales increase) by one dollar per drink resulting in an increased profit margin of additional 8-11%.

Increase the price of each drink even further than one dollar.

Financial Considerations/Budget Impact:

Increasing drink prices by \$0.50 will generate an additional \$50 in revenue for every 100 drinks sold.

Increasing drink prices by \$1.00 will generate an additional \$100 in revenue for every 100 drinks sold.

Neither of the increases will have a major impact on overall budget.

Others Consulted:

Approved and Recommended by the Clerk
Crystal Fischer, Clerk