

September 20, 2022 (rev.)

Jamie Ruggles
Director of Accounting Services
Finance and Administration
Los Rios Community College District
1919 Spanos Ct.
Sacramento, CA 95825

RE: CAMPUS DINING ADVISORY SERVICES

Dear Ms. Ruggles,

Thank you for the opportunity to partner with Los Rios Community College District's ("LRCCD" or the "District") to define and articulate the strategic value of its campus dining programs and develop a Dining Plan (the "Plan") for each of its four (4) campuses to align with the District's goals while responding to the uniqueness of each individual campus population.

B&D's advisory approach aims to inspire, empower, and advance institutions toward realizing their strategic goals and involves a carefully sequenced series of analyses, judgments, and decisions that support mission-driven evolution. That evolution requires LRCCD to optimize its campus dining assets—both physical and operational—to drive maximum value back to the District and its students, faculty, and staff. The following outlines B&D's recommended project approach to efficiently and cost-effectively develop a Plan that achieves the District's vision while also addressing its programmatic and technical requirements.

STEP 1: OBJECTIVES + INITIATIVES

The Objectives activities establish each campus's success criteria to make critical decisions anchored in its permanent ideals. Initiatives are required to advance strategic objectives into broad concepts and must be based on a thorough understanding of existing conditions. The following decisions must be made during the Objectives + Initiatives step, and the project team will carefully manage the decision-making process and provide the documentation that records the rationale for each of these decisions:

- ◆ What are each of LRCCD's four (4) member campuses' targeted new realities?
- ◆ What is the relative prioritization of the strategic drivers for dining required for each campus? How do those align and differ per campus?
 - Educational Outcomes
 - Campus Community Outcomes
 - Enrollment Management Outcomes
 - Financial and Operating Performance Outcomes

- Environmental Stewardship Outcomes
 - ◆ What are the criteria for success that must universally be applied to align all decisions with each member institution's targeted new reality?
 - ◆ How have the existing campus dining operations been performing?
 - ◆ What offerings will be supported by each member campus's target market populations?
 - ◆ What assets, services, and operational approaches are preliminarily identified as aligning with LRCCD's (and its member campuses') targeted new reality?
 - ◆ What metrics will be used to determine whether existing and/or future campus dining services perform at maximum strategic value?

B&D will conduct the following activities in the Objectives + Initiatives step to allow the District to make these critical decisions:

Plan Initiation: Getting the Plan right requires a detailed understanding of LRCCD and its campuses. B&D will kick-off the engagement through an initial meeting with the District's Project Committee to confirm expectations and coordinate ongoing communication protocols. Typically, B&D establishes bi-weekly meetings with the Project Committee to solicit feedback throughout the effort, provide incremental updates, ensure clear communication, and guarantee adherence to strategic priorities. The Project Committee will also identify a single point of contact for each campus to facilitate the collection of relevant materials. The B&D team will review relevant documents and information to gain a data-driven understanding of LRCCD's existing conditions to maximize our time and value on campus. B&D will also tour existing dining facilities across all four (4) campuses. B&D will meet with key stakeholders, as well as conduct intercept interviews to understand program perceptions and dive into current and future dining needs.

Institutional Framework: Investment in a particular initiative must be evaluated for its ability to produce the desired results within each campus's broader institutional strategy. To that end, B&D will facilitate a work session with project committees for each campus to ensure that our team can clearly articulate the outcomes, capacities, and attributes that each campus will have achieved upon the successful realization of its long-term goals. We refer to this process as building out the "Institutional Framework", which will position our team to confidently and efficiently advise towards the District's ideal approach to campus dining.

Strategic Asset Value (Criteria Setting): Concurrent to the Institutional Framework process, we will facilitate a Strategic Asset Value ("SAV") work session to define the optimal strategic outcomes of the dining programs for each of the four (4) campuses. This exercise engages key stakeholders and decision makers across the District to align dining criteria with the strategic objectives and core values of the institution and ensure that each institution's uniqueness is apparent.

Preliminary Financial Analysis: B&D will analyze LRCCD's dining financial statements for the past three (3) relevant years to identify key drivers and metrics that boost profitability and efficiency—food cost, labor cost, debt service, and other operating costs. The complexity of dining operations and financials requires a multi-faceted assessment to understand the whole picture.

Preliminary Operational Analysis: B&D will preliminarily assess a broad spectrum of operational elements as part of our due diligence to identify practices that will efficiently and effectively move LRCCD's campus dining programs forward. Our preliminary operational analysis is likely to include:

- ◆ B&D will review available *student/faculty/staff satisfaction* survey data (e.g., NACUFS, EBI, etc.) to compare LRCCD's satisfaction levels to national data. Combined with operational observations from our initial campus visits, our team will assess current and trending customer perceptions.
- ◆ Using our extensive dining experience, B&D will preliminarily *evaluate current campus dining facilities and program portfolio* to determine how they can support an improved dining partnership that advances the District's strategic objectives.
- ◆ With today's students, telling the story and engaging with customers is critical to maximizing the impact of campus dining. The story of where food comes from, generating buzz around events, or highlighting a chef's new recipe enhances the campus dining experience and student value perception. We will *evaluate marketing materials and various marketing channels* (e.g., dining website, social media, etc.) to understand how to leverage marketing to maximize the impact of LRCCD's dining programs and, in turn, drive additional revenue.
- ◆ There are several components to a successful campus dining program, none more important or impactful as the *culinary effectiveness*. B&D will evaluate menus with an eye to recipe authenticity, ingredients, and preparation across an array of concepts (e.g., retail, catering, pre-packaged options, vending, etc.).
- ◆ Most customers only see the end-product—the user experience and the food on the plate. However, the systems behind the scenes drive much of a program's quality and financial success. B&D will *analyze the systems and reporting practices* that have been used to track established performance goals to understand existing reporting capacity and capability relative to both financial and operational outputs.
- ◆ B&D will assess existing staff resources to include *organizational structure, culture, and compensation tiers*. Campus dining staff resources are key drivers of student satisfaction, operational efficiency, and revenue generation.

STEP 2: PLANS + IMPLEMENTATION STRATEGY

Plans are initiatives that have progressed into more tangible solutions and contain preliminary conceptual scenarios. The Implementation Strategy enables LRCCD to maximize its campus dining assets' value, mitigate risks, and control its interests in the assets' operations. The following decisions must be made during the Plans + Implementation Strategy step:

- ◆ What asset types and services can the target market populations support?
- ◆ What is the appropriate mix of assets that will provide each campus with the greatest potential to achieve success via their unique established criteria?
- ◆ What is the appropriate operating/contracting paradigm for campus dining services to align with its prioritized objectives?
- ◆ What is the appropriate strategy to engage with the private market to enact the Plan?
- ◆ What is the schedule of activities required to optimize the outcomes of a strategic dining solicitation process?

B&D will conduct the following activities in the Plans + Implementation Strategy step to allow the District to make these critical decisions:

Demographic Analysis: B&D will conduct a detailed analysis of demographic enrollment trends to further understand the target market groups for dining at LRCCD's campuses. The team will consider historical and anticipated enrollment/demographic shifts in quantifying the demand for future dining offerings. It will be essential to understand the uniqueness of LRCCD's populations to inform how best to improve the current approach to campus dining.

Off-Campus Market Analysis: B&D will evaluate the impact of the local foodservice offerings that might impact demand for LRCCD's campus dining, as well as anticipate future market conditions. The analysis will include primary and secondary research of local foodservice offerings to determine the key factors influencing the campus populations' decisions and inform the web-based survey.

Web-Based Survey and Demand Analysis: B&D will develop and distribute a custom-designed web-based survey to determine the LRCCD campus populations' unique preferences, priorities, and expectations regarding campus dining. The survey results will be analyzed by various demographic sub-categories to quantitatively assess current patterns and future preferences related to campus dining. Additionally, survey responses will be translated into current and future demand preferences to outline the ideal campus dining program mix and locations.

Dining Program Recommendations: B&D will translate the various analyses into recommendations for each institution to address each campus's unique objectives through its facility and program offerings. Our team will also analyze the potential operating models (e.g., self-operation, profit-and-loss, management fee, hybrid) and recommend the appropriate operating paradigm for campus dining.

Implementation Strategy and Sequencing: B&D will advise on the implementation and sequencing of recommendations to ensure the financial, operational, and facility recommendations work in concert to advance the dining program.

STEP 3: SOLICITATION + ENGAGEMENT

If engaging the private market to identify the right third-party operator is ultimately the ideal approach for LRCCD, B&D proposes the following phased approach in order to (1) position the District for optimum market response, (2) craft a process and solicitation document to set the partnership's foundation and drive innovation, and (3) select a partner and contract structure to create strategic value through industry expertise, institutional brand authentication, and sustainable financial paradigm while maintaining the necessary flexibility to evolve with LRCCD and its campuses.

Selection Committee Engagement: B&D will advise the District to identify a strategic selection committee, representing perspectives from each campus. Once individuals are confirmed, B&D will facilitate a remote video conference committee introduction to provide context around the initiative including key in-progress takeaways from the dining plan, as well as the anticipated solicitation schedule and committee members' roles and responsibilities throughout the process.

Process Mapping: B&D will partner with LRCCD to shape not only the solicitation document, but a solicitation process that allows the District to test a potential partner's ability to innovate, propose solutions to ongoing challenges, and showcase value through their expertise and industry position. Shaping the strategy and process early in the effort enables proactive communication to the marketplace, as well as key internal coordination of decision makers and committee members.

Request for Proposal Development: B&D will outline and develop a Request for Proposals ("RFP") that communicates the District's and campuses' dining visions and plans, including necessary data to maximize market response, and incorporates a response framework enabling an effective evaluation for decision-making.

Request for Proposal Solicitation Period: Once the RFP is released, B&D will assist in organizing on-campus proposers' meeting and facility tours. Following the meeting and tours, B&D will assist with answering any proposer follow-up questions.

B&D has found tremendous benefits from hosting an interim engagement session with each of the participating proposers. This session, structured by the District, can propose key programmatic challenges to the contractors and use the session to collaboratively work through proposed solutions. Not only does this give the District a sense of an operator's ability to solve pressing issues, it also allows contractors to refine their thinking alongside the District, which enhances their final proposals.

B&D will also develop a reference check guide for the selection committee to use when calling and/or visiting proposers' reference institutions. Given the amount of time since the District's last third-party dining solicitation, we strongly recommend visits to other campuses, if possible.

Proposal Evaluation: Once potential partners submit proposals, B&D will review responses from both a technical and financial perspective. B&D will then facilitate a work session with the selection committee to fully understand and evaluate proposals. B&D will facilitate the initial scoring of proposals, aid in the selection of finalists to interview, and frame appropriate interview questions. Assuming interviews can be hosted in-person, B&D will participate on campus to facilitate the interview process. Committee members will be the force behind discussion topics as B&D moderates the meetings. While it is the role of B&D to provide decision support and recommendations, it is not B&D's position to act as a voting member of the committee through the selection process.

Best-and-Final Offer Assistance: Should the situation arise, B&D will assist in developing a request for a Best-and-Final Offer ("BAFO"). A BAFO is used when there not a clear choice amongst the committee and there is need for clarification.

STEP 4: NEGOTIATION, TRANSITION & PARTNERSHIP OVERSIGHT

Given the innate unpredictability of a solicitation process, B&D recommends setting aside a not-to-exceed budget line item to assist with post-solicitation support. The appropriate effort would be determined based on the outcomes of the preceding phases and our time would be guided by the District. Post-solicitation support may include:

- ◆ Facilitating or participating in contract refinement and finalization meetings.
- ◆ Operator transition support to assist with logistics and timing of a possible contractor transition as well as the communications strategy and messaging to the campus community.
- ◆ Contract administrator coaching to support the person(s) responsible for overseeing the new dining partnership.
- ◆ Monthly reviews of key performance indicators ("KPIs") with the contract administrator.
- ◆ On-campus site visits and partnership evaluations to ensure the program is operationally efficient, financially sound, and satisfying the student population as well as the goals established in the RFP.

APPROACH TO COMPENSATION

In performing similar services for other institutions, it has become abundantly clear to B&D that each and every process is unique and, thus, requires flexibility. B&D would like to emphasize that there is a clear rationale for our fees, with fairness serving as the organizing principle—we want to give LRCCD the fairest possible fee without putting our business at risk. You should feel that you have received a great value, and B&D should have appropriate resources to deliver our best effort through an efficient process. When we set a fixed fee, we:

- project the cost of completing the effort in terms of team members' hours to the best of our ability; and,
- consider the extent to which there is uncertainty around the key assumptions or whether we lack the ability to control key circumstances.

If there is a degree of uncertainty around project activities based upon available information at that particular point in the partnership, we recommend using a time-and-materials ("T&M") approach until such time that we can achieve sufficient clarity to mitigate risk through careful process planning. Alternatively, the establishment of an appropriate risk premium that matches the level of unpredictability present would allow for arrival at a fixed fee.

In accordance with this organizing philosophy, B&D is confident in projecting our level of effort and working within a fixed-fee approach for the Steps 1, 2, and 3, totaling \$321,180. A detailed breakdown of B&D's efforts per team member per activity for the outlined scope of work is included as Exhibit A.

Reimbursable expenses will be in addition to professional fees and will be invoiced as incurred on LRCCD's behalf. B&D proposes the establishment of an initial not-to-exceed without prior authorization budget, totaling \$19,600, for the Plan activities outlined herein. A detailed breakdown of estimated reimbursable expenses is included in Exhibit A.

Invoices for professional fees and reimbursable expenses will be submitted to LRCCD monthly. The invoices for the professional fee will be structured as seven (7) equal installments, totaling \$45,882 per month, with the overall project timeline (see below; October 2022 through April 2023). Reimbursable expenses will be invoiced as accrued on LRCCD's behalf.

APPROACH TO PROJECT TIMELINE

B&D proposes a 7-month project timeline (approximately October 2022 through April 2023), as detailed in Exhibit B.



Thank you for the opportunity to serve Los Rios Community College District on this mission-critical initiative. We are excited to support the District to realize its Targeted New Reality most efficiently and effectively. Please do not hesitate to contact me directly (505.280.6316 or chetroach@bdconnect.com) with any questions or comments.

Sincerely,

Chet M. Roach
Executive Director



Exhibit B – Project Timeline

