



## University of California, Riverside

### Dining Services Master Planning Study

Final Report

April 30, 2011

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# Section 1: Executive Summary

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## SECTION 1: EXECUTIVE SUMMARY

### Introduction

As the University of California, Riverside continues to evolve into one of the flagships of the UC system, it is critically important that the campus dining program be positioned to provide best practice services in support of the University's long range development objectives. In response to this, UCR Dining Services has undertaken a strategic master plan study for the department. Objectives established for the planning effort included:

- Evaluation of current facilities, programs and services in comparison to identified customer needs and industry standards;
- Identification and quantification of the demand for dining services across the campus over the next 5-7 years, along with the development of capital and operational strategies to satisfy the identified demand;
- Development of strategies to optimize operating efficiencies and financial performance, both now and as the department grows, in order to create a stable platform for the provision of high quality services within a framework of financial self-sustainment.

The master planning study is founded on extensive research and analysis, including stakeholder interviews, an off-campus competitive market assessment, a quantitative survey issued to the entire UCR community, an assessment of the current dining program, and an evaluation of the impact of the campus master planning and housing master planning studies on future dining needs. Resultant dining master planning strategies were developed in collaboration with the talented team of professionals at the helm of UCR Dining Services, UCR Housing Services, and the study's Project Management Team, ensuring that the master plan will function as a living document and provide a solid foundation for the dining program going forward. The Executive Summary that follows outlines key findings and recommendations for each business line within UCR Dining Services.

### Residential Dining

#### Program Improvements

As consumer research findings emerged, a number of strategies were collaboratively developed with the UCR Dining Services team to better align the residential dining program with customer needs. These include the following:

- Redevelopment of the residential restaurant menu strategy to augment the breadth of offerings at all mealtime day-parts;
- A stronger culinary focus and a higher per meal food budget to improve the quality of food served;
- Targeted improvements to presentation and trade dress - i.e. the eye appeal – of foods served in the residential restaurants;
- Realignment of service hours to better meet student lifestyle needs, including continuous service and augmented late night dining opportunities.

#### Meal Plans

Taking both programmatic and financial objectives into consideration, the recommended meal plan strategy going forward is to convert the plan configuration from a "meals per week" plan to a "meals per quarter" plan. The strategy is designed to meet the following objectives:

- Improve student satisfaction by eliminating the weekly "use it or lose it" provision for AYCE meal use by giving students the entire quarter to use their meals;

- Generate higher participation in residential restaurants to support community based program objectives;
- Maintain generous Dining Dollar allowances for participants while reducing the overall value of Dining Dollars in order to improve contribution margins and ensure that non-resident customers have adequate access to retail dining operations during peak meal day-parts.

### Dining Capacity

In developing the plan for residential dining, two capacity issues required evaluation:

- FY2011-FY2013  
The impact of the meal plan reconfiguration and improvements to the residential dining program on capacity requirements at Aberdeen-Inverness and Lothian;
- FY2014 and Beyond  
The impact of planned future housing development on residential dining capacity needs, including:
  - 800 new apartment beds at Glen Mor 2 (Fall 2013);
  - Phased development of as many as 3,900 beds at the Canyon Crest site.

Recommendations resulting from the analysis include:

- Lothian  
Immediate: Enhance and potentially enclose outdoor patio seating at Lothian, and leverage Lo-Go's to provide added take-out capacity at dinner. If necessary, use the department's new mobile food truck for special events and/or to serve as a monotony breaker.
- Aberdeen-Inverness  
Immediate: Improve residential restaurant seating and service capacities through new furniture and equipment, and leverage the department's new mobile food truck to provide a take-out alternative for the dinner meal, reducing the demand for seating.

Near Term: As soon as feasible, add an extended hours, café/grocery concept (possibly branded) in the D Wing of the complex, to augment service to resident students in the neighborhood, provide additional capacity, and provide swing space to support the recommended full renovation of the residential restaurant.

FY2014: Renovate the A-I residential restaurant to replace badly deteriorated infrastructure and bring the facility to best practice standards through incorporation of exhibition cooking platforms and restaurant quality dining space. Additionally, the Canyon Crest neighborhood is slated for potential development of as many as 3,900 resident beds, although with the exception of Dundee 1 (600 traditional beds), the timeline for development is uncertain and will almost certainly occur outside the planning horizon for this master planning study. Since Dundee 1 is not large enough to support the development of a Canyon Crest residential restaurant, it is recommended that Dundee 1 residents be absorbed through an expansion of the A-I residential restaurant in conjunction with its renovation, and that a Canyon Crest residential restaurant be developed in conjunction with future phases of Canyon Crest housing development.

- Glen Mor 2  
Since neither Lothian nor Scotty's has excess capacity, a new service outlet will be required to absorb the demand from Glen Mor 2 apartment residents beginning Fall 2013. The new Glen Mor 2 Emporium is envisioned as offering a mini-grocery/convenience store, a coffee concept, and multiple prepared food platforms.

- **Additional Canyon Crest Development**

The need for additional dining facilities in the Canyon Crest neighborhood will require evaluation during the Dundee 2 planning process. The current thinking is that the following may be needed in the future:

- In conjunction with Dundee 2 build-out (or potentially Dundee1 if warranted by demand), a 4,970 assignable square foot (asf) Emporium;
- A 10,000 asf catering kitchen in conjunction with Conference Center development (this catering kitchen is potentially intended to function as a central catering kitchen for the entire Catering program, relieving stress on HUB kitchen facilities);
- A 21,000 asf /500 seat Residential Restaurant conjoined with the Conference Center, sharing a kitchen for operating efficiency;
- A Convenience Store/Grill adjacent to the Lennox residences, pool, and playing fields.

## **Retail Dining**

### **Key Findings**

- There appears to be moderate-good additional market potential on core campus. However, this potential lies primarily in those zones of campus with significant and/or growing populations that are underserved relative to the availability of convenient dining options offering adequate service capacity. The research suggests that a significant percentage of students, faculty and staff brown bag their lunch at least in part due to capacity deficits in certain areas of campus. These areas are primarily Engineering II and Physics, the Southeast academic zone, and the area in and around Olmstead Hall, a building with significant daytime and evening populations that is within the catchment area of the Barn.
- The addition of 1-2 brands to core campus is programmatically desirable, from both a customer service and institutional perspective. However, careful attention must be paid to brand selection, as these concepts are financially supportable only under the following conditions:
  - The brands selected are market leaders;
  - The brands selected offer low cannibalization risk - that is, they are unlikely to appreciably reduce the sales at the other existing retail dining venues; and,
  - The brand fees and contractual requirements are reasonable.
- In order to remain financially viable, evening and weekend service hours for retail dining should be dictated by the level of customer demand for these off-peak day-parts. It appears that there is a sizable evening population in an around Olmstead Hall, which could be served if The Barn was open for evening service. Also, it would be programmatically advantageous to look for opportunities to viably provide extended hours services at The Hub in order to reinforce the destination value of the Union.

### **Development Recommendations**

#### **Retail Development In Progress**

As research findings emerged over the course of development of the master planning study, Dining Services has begun responding to opportunities to fill distribution gaps and improve services to customers. Projects include:

- In Fall 2010, a new retail café called Bytes was opened to great success in the Engineering II building;
- Planning is under way to replace the badly deteriorated Taco Fresco operation in conjunction with redevelopment of the STAT / COMP building as a medical education building. The new Orchard concept is envisioned as a grab 'n go kiosk offering a broad range of healthy options, including salads, sandwiches, fruit, organic products and snacks;

- Due to the popularity of the Taco Fresco menu, the department is purchasing a mobile food truck that will continue to offer Taco Fresco products in conjunction with other popular offerings. A truck pad will be constructed next to The Orchard to provide support infrastructure for this concept, and it is anticipated that other truck pads may be required to accommodate customer retail demand in underserved zones such as the Southeast corner of campus.

#### Future Additional Development

- The Barn

The research indicates that expansion and renovation of the Barn is warranted to significantly expand its capacity and improve customer throughput. This eatery is located in a zone of campus that is significantly underserved relative to the potential demand for food service, and the configuration of its service system is inefficient, resulting in slow customer service and line rejection. Historically, the Barn has been a social gathering place for UCR's campus community, offering a quieter, more relaxed atmosphere in comparison to the HUB. Focus group research indicates that its environment is highly valued by older students, faculty and staff, so it will be important to preserve and even improve its ambiance as the facility is expanded to serve more customers.

- The Hub Eateries

- Implementation of Subway is recommended for the HUB, with a target date of Fall 2012. Per the market research, Subway offers the highest revenue potential, and the net contribution to Dining Services is expected to be better than the contribution provided by Stacked Deli. Upon opening of Subway, Stacked Deli is slated for closure, unless Dining Services elects to operate a LoGo's style meal exchange program at this location to augment resident meal service while the A-I residential restaurant is closed for renovation.
- Although Latitude 55 is of recent construction, the facility is in need of redevelopment to correct its ineffective service system, which, as at the Barn, results in slow customer throughput and consequent line rejection. Moreover, the venue looks and feels "unfinished", and its dining area is uninviting. The temporary closure of the A-I residential restaurant will place added pressure on HUB dining operations. Given this, it is strongly recommended that corrective action be taken at the HUB in FY2012.
- Once Subway is implemented, there is a good possibility that HUB retail operations will be positioned to satisfy all of the demand reasonably available from the surrounding customer base. Thus, it will be important to take time to evaluate this before implementing additional retail locations in this zone. Over-saturation would have a significantly detrimental impact on Dining Services' financial health, particularly given the higher than market wages and benefits provided to unionized career staff. Before building additional locations, and only to the extent that future demand warrants, a more cost effective strategy would be to retool existing self-branded locations to improve customer throughput (such as at Latitude 55), or replace low performers with more popular concepts; for instance, repositioning sushi as a grab 'n go concept and implementing Chick-fil-A at this location.

- Recreation Center

As of the writing of this report, the Recreation Center is developing an extension plan that includes implementation of a retail café at this location. An analysis of food service revenue potential at this location indicates that 1) the service concept must be limited to a program that can be delivered with 1-2 employees, and 2) a branded concept will not be viable.

- Bannockburn Convenience Store

Recently, a question has arisen regarding the potential viability of developing a convenience store at Bannockburn to serve apartment dwellers in the area and capture pedestrian traffic along Canyon Crest Drive. While the viability of this location has not been specifically assessed, Dining Services' convenience store program has been very successful in offering a popular service at a favorable operating cost. The potential viability of the concept will be enhanced if a street location is available.

- Arroyo Vista Café

While the Arroyo Vista Café provides exceptional quality and an important amenity to campus, it is very costly to operate in comparison to its revenue potential as a one meal per day, waiter service restaurant. Going forward, it is likely that subsidy will continue to be required at this location, raising the question of the most appropriate source for this need. Discontinuing use of the Café space as a restaurant would allow expanded use of the facility for much needed conference and event space, and substantially improve the financial performance of the venue.

- West Campus

As of the writing of this report, the strategic plan for West Campus development is in flux, making it impossible to assess potential dining needs and timelines in this zone. In order to provide planning assistance going forward, the consulting team has developed a series of per capita planning metrics for potential implementation of different dining service models.

### **Capital Development Phasing Implications**

Given the number of residential and retail dining projects slated for FY2011 - FY2013, Dining Services will require significant internal project management resources to implement the magnitude of change envisioned. This will require the addition of at least two Dining Services job positions in the areas of operational development and project management, with the structure of these positions determined based on evaluation of current resources and gaps therein.

Most of the increase in transaction capacity occurs in the residential dining operations, related to the development of the Glen Mor 2 apartments and Dundee 1 housing. Retail capacity has been positioned to grow by +/-25%. This level of growth is warranted and driven by the need to provide service to areas of campus that are underserved relative to the demand potential (Bytes, the Barn expansion, and the Food Truck Program), and to meet the University's desire for a stronger brand portfolio through implementation of Subway at the Hub.

### **Catering and Conference Services**

Based on key research findings, the following strategies are recommended to improve the operational and financial performance of Citrus Grove Catering and Conference Services:

- Continue to capitalize on the consolidation of the Citrus Grove Catering and Conference Services to leverage labor, enhance operational efficiencies and create a "one stop shop" experience for event arrangers;
- Re-evaluate current HUB and Recreation Center space booking policies – including protection policies, room rental fees and parking - to achieve the right balance between serving the needs of student organizations and the larger University community;
- Improve labor efficiency through consolidation of Citrus Grove Catering and HUB Retail food production staff within the HUB main kitchen, relocating grab 'n go production to the current HUB catering kitchen;
- Redevelop Citrus Grove catering menus to incorporate a broader range of service tiers that will appeal to budget conscious customers and student groups, improving satisfaction with the program;



- Review peer campus catering policies to assist in establishing catering policies such as event minimums and ancillary charges. This should help protect the department from providing services at pricing structures that don't cover costs;
- On a longer term basis, it is clear that large event space is at a deficit on campus, and that this is a necessity to fully leverage both Citrus Grove Catering and Conference Services. Thus, the planned conference center at Canyon Crest appears to be the optimal strategy for adding necessary capacity to campus, and driving important summer housing revenue;
- Since there are not enough catering facilities on campus for large groups, Dining Services frequently has to reconfigure the A-I dining room for special or catered events at substantial labor expense. The added cost should be passed onto the event customer, since the room set-ups are not part of the Dining Services annual operating budget.

### **Concessions Services**

Until participation at athletic events increases, operating a financially viable concessions program will continue to be challenging. Recommendations for Concessions Services include:

- Leverage UCR Dining Services' new mobile truck program in providing concessions for outdoor events, eliminating set-up and tear-down labor;
- To better control operating cost, partner with student organizations and/or local service organizations to provide concessions labor in exchange for a percentage of revenue or profits.

Additionally, should the University move forward with the development of a new University Events Center, planning guidelines have been developed to assist in planning the dedicated Concessions support and service space that will be required.

### **Business Optimization**

#### **Organizational Structure**

The Dining Services organizational structure at the inception of the master planning study process was both too flat and under-resourced to be managerially effective in moving the program forward. Early in the master planning process, this organizational structure was retooled to add more skilled senior management positions, which has been very successful in moving the department forward.

#### **Technology**

Dining Services' current technology infrastructure is inadequate to provide the management information necessary to effectively analyze departmental financial performance, optimize labor scheduling or pinpoint opportunities for performance improvement. Going forward, it is imperative that the department be provided with the appropriate budget to support significant upgrades to its management information systems if the department is to operate at a best practice level.

#### **Labor Optimization**

Dining Services' career-based, unionized labor model results in significantly higher wage and benefits rates than for similar positions in the off-campus commercial marketplace. Going forward, the best way to optimize financial outcomes is through the implementation of fewer, stronger concepts that can absorb existing career labor and cover overhead expenses. As new concepts are implemented over the next 1-3 years, it is recommended that Dining Services leverage the current number of career positions across more operations, right-sizing the level of skilled labor at each location and incorporating more part-time and student labor for positions that require less skill.

### **Central Production**

Considering the capital development and ongoing operating costs associated with the development of a central commissary, it was determined that 1) the investment would not pay for itself, and 2) fixed labor costs could inadvertently result in a more costly labor model than current.

### **Dining Services Website**

In this digital age, the Dining Services website is a critical tool in reaching customers with information on available services, hours of operation, menus, pricing and nutritional information. The architecture of the current Dining Services website (to some extent dictated by the University), limits the department's ability to leverage this tool to incorporate many of the web design, technology, and e-commerce features becoming more common on Dining Services websites across collegiate dining.



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# Section 2: Introduction and Methodology

## SECTION 2: INTRODUCTION AND METHODOLOGY

### Introduction

The University of California, Riverside (UCR) has experienced significant growth over the past several years at a pace that has been challenging to assimilate. As the University continues to evolve into one of the flagships of the UC system, it is critically important that the campus dining program be positioned to provide best practice services in support of the University's long range development objectives. To assist in this effort, the University retained Envision Strategies to collaborate with UCR Dining Services in the development of a strategic master plan for the department. Objectives established for the planning effort included:

- Evaluation of current facilities, programs and services in comparison to identified customer needs and industry standards;
- Identification and quantification of the demand for dining services across the campus over the next 5-7 years, along with the development of capital and operational strategies to satisfy the identified demand;
- Development of strategies to optimize operating efficiencies and financial performance, both now and as the department grows, in order to create a stable platform for the provision of high quality services within a framework of financial self-sustainment.

### Methodology

A four-phase, research based approach has been utilized in developing the master planning study for UCR Dining Services:

1. ***Initial Research:*** The consulting team made multiple site visits to campus to conduct stakeholder interviews, dining facility assessments, and an off-campus competitive market assessment. In addition, an extensive amount of operating data was gathered and analyzed to understand the operational structure of the department, current service capacities, labor models and financial performance. Finally, University and Housing Strategic and Master Planning studies were assessed for potential impact on campus dining needs.
2. ***Market Research:*** Based on the critical issues identified during the Initial Research phase, a series of focus groups was conducted and a web-based survey was developed to quantify the campus community's expectations and perceptions of the campus-dining program. Specifically, the research tested customer dining behavior, attitudes, and preferences relative to:
  - Services distribution
  - Desired service mix
  - Brand recognition and acceptance
  - Spending patterns
  - Performance expectations
  - Satisfaction with the residential dining program
  - Satisfaction with catering services
  - Market capture and revenue potential
3. ***Situational Analysis:*** Based on the research results and best practice standards for University food service, the dining program was analyzed to identify opportunities for improving customer satisfaction, increasing market capture, improving operating efficiencies, and optimizing financial performance. Additionally, future service demand was analyzed by geographic zone, to identify capacity needs based on market demand and University-wide strategic initiatives.
4. ***Recommendations:*** Resultant master plan strategies were developed in collaboration with the talented team of professionals at the helm of UCR Dining Services, UCR Housing Services and the study's Project Management Team, ensuring that the master plan will function as a living document and provide a solid

foundation for the dining program going forward. The report that follows details key findings and study recommendations by functional area, with supporting documentation supplied in the appendix to the report.



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# Section 3: Residential Dining

### SECTION 3: RESIDENTIAL DINING

#### Introduction

This section of the master planning study addresses key findings and recommendations regarding UCR Dining Services' residential dining program and meal plan. For frame of reference, the residential dining services available on campus at the beginning of this study consisted of:

- An "all-you-care-to-eat" (AYCE) residential restaurant at Aberdeen-Inverness (A-I), open Monday through Friday for breakfast, lunch and dinner, closing for a couple of hours between each meal period;
- An AYCE residential restaurant at Lothian, open for dinner Monday through Friday, and brunch and dinner on the weekends;
- Spinelli's, an Italian concept within the Lothian residential restaurant, available for lunch and dinner seven days a week;
- LoGo's, a grab 'n go outlet at Lothian, open 7:00am to 2:30pm, Monday through Friday, and allowing meal plan holders to use a meal swipe for a to-go meal;
- Bear Necessities, a small convenience store at Lothian, open 8:00pm to 12:30am for late night service, Sunday through Friday;
- Bear's Den, a small convenience store at A-I, open 7:00pm to 1:00am, Sunday – Thursday, 7:00am to midnight, Friday and 7:00am to 1:00am Sunday;
- Scotty's, a small convenience store with a grill platform located in the Glen Mor 1 apartments, open seven days a week beginning at 5:00pm and closing at 11:00pm (two nights per week) or 1:00am (five nights per week).

The structure of the FY 2009-10 (FY2010) meal plan comprised the following six plan types, with meal plan Dining Dollars available for use in all campus retail dining locations.

TABLE 1 FY2010 MEAL PLAN OPTIONS

Meal Plan	Description
Flex 5	Any 5 meals per week with \$250 Dining Dollars per quarter
Flex 7	Any 7 meals per week with \$200 Dining Dollars per quarter
Flex 10	Any 10 meals per week with \$150 Dining Dollars per quarter
Flex 15	Any 15 meals per week with \$167 Dining Dollars per quarter
Flex Max	\$1,150 Dining Dollars per quarter
Glen Mor*	\$300 Dining Dollars per quarter

\* Available only to apartment residents.

## Key Findings and Recommendations

Three key issues emerged in analyzing the residential dining program, as follows:

### 1. Student Satisfaction with the Residential Restaurants

Survey results (see Appendix A for additional information) indicated that the variety and quality of food served in the residential restaurants is not meeting meal plan holders’ expectations, as seen in Table 2 that follows.

TABLE 2 SURVEY RESPONSES TO MEAL PLAN / RESIDENTIAL DINING PROGRAM QUESTIONS  
(Scale of 1 to 10, where 1 = complete disagreement with the statement and 10 = complete agreement)

Meal Plan Holders Scale 1-10	All	Use Aberdeen- Inverness Most	Use Lothian Most
<i>(Sample Size)</i>	<i>(378)</i>	<i>(150)</i>	<i>(228)</i>
The dining environment at ____ is enjoyable and comfortable to hang out in for extended periods	6.74	6.51	6.89
My meal plan generally allows me to obtain food at the locations that I want to	6.67	5.73	6.85
The current dining hours at ____ generally allow me to obtain meals at the times I want	6.26	5.75	6.60
My meal plan generally meets my lifestyle needs	5.82	6.47	5.79
Overall, my meal plan provides good value	5.74	5.74	5.68
The variety of food available at ____ is generally adequate to meet my needs	4.91	5.00	4.86
The quality of food available at ____ is generally good	4.88	4.99	4.81

The perceived overall value of the residential dining program received only a neutral score, which likely has a direct correlation to the low scores for quality and variety. From the consultant perspective, at the inception of the master planning study the variety of food offered at a given meal was quite limited in comparison to similar programs both locally and nationally, particularly with regard to entrée selection and menu rotation. Serving counters were often empty or underutilized, negatively impacting eye appeal and giving the impression of a lean program.

The market research and an analysis of residential dining metrics indicate that students have a strong desire for take-out options. For instance, at Lothian, a similar number of customers opt to use a meal swipe for a “to go” purchase at LoGo’s as choose to eat in the dining room. And although some of this pattern may be driven by apathy with the AYCE program, the data suggests that a high percentage of students appreciate the option to forego a sit down meal in exchange for portability and the ability to obtain snacks for their residence rooms.

With regard to service hours, survey results yielded lower satisfaction ratings for A-I than for Lothian. Although A-I is open for breakfast, lunch and dinner, it is not open on the weekends, and dinner closes an hour earlier than at Lothian. And students’ opportunity for a 4<sup>th</sup> (late night) meal in both neighborhoods is limited to convenience store services as opposed to operations that offer prepared meals.

**Recommendations:** As research findings emerged, a number of strategies were collaboratively developed with the UCR Dining Services team to better align the residential dining program with customer needs. These include the following:

- Redevelopment of the residential restaurant menu strategy to augment the breadth of offerings at all mealtime day-parts;
- A stronger culinary focus and a higher per meal food budget to improve the quality of food served;
- Targeted improvements to presentation and trade dress - i.e. the eye appeal – of foods served in the residential restaurants;



- Realignment of service hours to better meet student lifestyle needs, including the reintroduction of lunch at Lothian, the addition of a late night dining program at Spinelli’s, implementation of continuous service hours at the A-I residential restaurant, and the introduction of daytime service hours at Scotty’s.

Going forward, it is recommended that services at A-I be augmented through the addition of an Emporium concept offering groceries, take-away meals and a prepared food platform, along with a comfortable, café-style seating area. This will provide a strong late night option for students and if necessary for capacity reasons, can offer a meal exchange option similar to LoGo’s.

**2. Meal Plan Configuration**

Over the past several years, Dining Services has reconfigured its meal plans to increase the amount of Dining Dollars available for use in retail dining operations on the campus. For fiscal year 2009-10, Dining Services offered six meal plans, four of which were a “meals per week plus flex” configuration, plus two full declining balance plans. Approximately 3,900 students purchased a meal plan during the Fall, Winter, and Spring Quarters, and Table 3 depicts the approximate selection rates for each plan type.

TABLE 3 FY2010 MEAL PLAN PURCHASES

Meal Plan	Description	Approximate % Purchased
Flex 5	Any 5 meals per week with \$250 per quarter	35%
Flex 7	Any 7 meals per week with \$200 per quarter	18%
Flex 10	Any 10 meals per week with \$150 per quarter	19%
Flex 15	Any 15 meals per week with \$167 per quarter	3%
Flex Max	\$1,150 Dining Dollars per quarter	14%
Glen Mor*	\$300 Dining Dollars per quarter	11%

\* Available only to apartment residents.

In analyzing the meal plan program, the following issues emerged:

- Students indicated some dissatisfaction with the “use it or lose it” nature of the “meals per week” plans. Having said this, AYCE participation rates for many of the plans are low in comparison to best practice standards;
- The value of Dining Dollars associated with the meal plans is high in comparison to most of the peer schools surveyed for the analysis (a recap of benchmarking findings can be found in Appendix C of this report);
- Meal plan selection has been trending significantly toward the purchase of plans with higher Dining Dollars and fewer AYCE meals. For instance, the rate of purchase for the Flex 5 plan increased from +/-27% in FY2009 to 35% in FY2010, a further indication of student apathy toward the residential restaurants;
- The trend toward plans offering fewer AYCE meals in conjunction with more Dining Dollars has multiple negative impacts for the department, including:
  - Shrinking topline revenue;
  - Crowding out of non-resident customers at campus retail locations over the busy lunchtime day-part, decreasing voluntary revenue capture and jeopardizing the Department’s mandate to serve the larger campus community;
  - Loss of net revenue due to the lower contribution margin of Dining Dollars in comparison to AYCE meals - this is exacerbated by the acceptance of Dining Dollars at Panda Express (+/- \$500,000 in FY2010), where the rental income captured from the tenant does not compensate for the contribution value of the Dining Dollars lost.
  - The residential restaurants are designed to promote and foster community building and act as a safety net for students. The more students migrate away from these operations, the less likely

these programmatic objectives will be met. Moreover, the residential restaurants have substantial fixed costs that result in operational inefficiency when underutilized.

Taken as a whole, it is clear that the residential dining program is caught in a spiral of declining funding support for the residential restaurants, resulting in service and quality deficits that in turn drive students to migrate toward the plans offering more Dining Dollars and lower net contribution to the department. This model is neither programmatically desirable nor financially sustainable.

**Recommendations:** In order to evaluate the optimal meal plan strategy for the future, seven meal plan models were developed and compared to the FY2010 configuration. The analysis evaluated participation rates and distribution of Dining Dollars, as well as potential labor and financial implications for both residential and retail dining venues. Meal plan options available at peer schools were also examined, to ensure that the UCR meal plan rates would remain competitive.

Taking both programmatic and financial objectives into consideration, the recommended strategy going forward is to convert the plan configuration from a “meals per week” plan to a “meals per quarter” plan. The strategy is designed to meet the following objectives:

- Improve student satisfaction by eliminating the weekly “use it or lose it” provision for AYCE meal use by giving students the entire quarter to use their meals;
- Generate higher participation in residential restaurants to support community based program objectives;
- Maintain generous Dining Dollar allowances for participants while reducing the overall value of Dining Dollars in order to improve contribution margins and ensure that non-resident customers have adequate access to retail dining operations during peak meal day-parts.

Based on the above, the meal plan options being implemented beginning Fall Quarter 2010 are as follows:

75 Meals and \$225 Dining Dollars per Quarter  
100 Meals and \$200 Dining Dollars per Quarter  
150 Meals and \$100 Dining Dollars per Quarter  
Glen Mor Plan - \$315 Dining Dollars per Quarter

The Flex Max and 5 Meals per Week plans have been eliminated, reducing the overall value of Dining Dollars. However, with the exception of the 150 Meals per Quarter Plan, the Dining Dollars associated with the new plans are at a higher value than the Dining Dollars associated with similar sized plans during the FY2010 academic year.

### 3. Dining Capacity

In developing the master plan for residential dining, two capacity issues required evaluation:

- FY2011-FY2013  
The impact of the meal plan reconfiguration and improvements to the residential dining program on capacity requirements at A-I and Lothian;
- FY2014 and Beyond  
The impact of planned future housing development on residential dining capacity needs, including:
  - 800 new apartment beds at Glen Mor 2 (Fall 2013);
  - Phased development of as many as 3,900 beds at the Canyon Crest site.

#### Dining Capacity – FY2011 – FY2013

The FY2011-FY2013 capacity analysis considers the impact of meal plan reconfiguration and programmatic improvements on residential restaurant capacity needs. As a basis for the analysis, Table 4 recaps the

anticipated number of meal plan holders by residence location, and projects the distribution of these meal plan holders with regard to where they are most likely to obtain their meals.

TABLE 4 PROJECTED MEAL PLAN COUNTS AND DINING DISTRIBUTION

Housing Counts FY 11 - FY 13	Bed Count	Anticipated Dinner Meal		
		A-I	Lothian	Scotty's
A-I	997	100%		
Lothian	1,095		100%	
Pentland	1,328	40%	60%	
Glen Mor 1	500	4%	11%	85%
Total:	3,920			

Housing Counts FY 11 - FY 13	Bed Count	Anticipated Dinner Meal		
		A-I	Lothian	Scotty's
A-I	997	997		
Lothian	1,095		1,095	
Pentland	1,328	531	797	
Glen Mor 1	500	19	56	425
Total:	3,920	1,547	1,948	425

Based on the anticipated distribution, Table 5 projects the seating demand at the A-I and Lothian residential restaurants, assuming growth in participation, specifically a dinner participation rate of 70%, which is normative for high quality residential dining programs. Table 5 that follows illustrates the analysis.

TABLE 5 FY2011-2013 DEMAND ANALYSIS FOR A-I AND LOTHIAN

Seating Demand Analysis	A-I Dining	Lothian Dining
Total Customers	1547	1948
Peak Meal Participation Rate (Note 1)	70%	70%
Peak Participation	1083	1364
Peak Hour Participation Rate	55%	55%
Peak Hour Customers	596	750
Seat Turnover	1.5	1.5
Occupied Seats	397	500
Seating Efficiency	80%	80%
Actual Seat Requirement	496	625
Take Out %	0%	0%
Seating Requirement after Take-out	496	625
Current Indoor Seating	425	419
Potential Indoor Seating Deficit	-71	-206

Note 1: National Average is 62-67%.

The analysis indicates potential indoor seating deficits at both locations, although Lothian has significant outdoor seating capacity that is currently not well utilized. With regard to production and service capacity, a facilities assessment conducted by the consulting team indicates that Lothian's production and service

infrastructure is in generally good condition and has the required capacity to meet the anticipated increase in demand. However, serving capacity at A-I is inadequate to meeting the additional customer throughput needs and thus, requires augmentation to handle the projected demand.

In order to mitigate the identified capacity deficits, the following short-term strategies are recommended:

#### Lothian

1. Enhance the outdoor patio seating / environment to encourage dining customers to use this area. This may require enclosing a portion of the area to increase the number of indoor dining seats that will be available for Lothian customers.
2. Keep Lo-Go's open for dinner, with an augmented menu selection. This practice was tested at the end of Spring Quarter 2010 with successful results.
3. As an option for monotony breakers or special events, leverage the department's new mobile food truck to provide a take-out alternative for the dinner meal.

#### Aberdeen – Inverness

1. Increase the number of dining seats to 500. This can be accomplished through furniture reconfiguration in the existing dining rooms, and was implemented for the Fall 2010 semester.
2. Add service platforms to facilitate increased throughput. These new service platforms will also support and highlight the improved breadth of menu offerings available and contribute positively to the overall dining experience.
3. Leverage the department's new mobile food truck to provide a take-out alternative for the dinner meal, reducing the demand for seating.

Regarding the A-I residential restaurant, it must be stressed that these strategies are designed to address immediate needs. On a longer term basis, the infrastructure at A-I is deteriorated and the entire facility is in need of redevelopment to best practice standards through incorporation of exhibition cooking platforms and restaurant quality dining space.

#### Dining Capacity – FY2014 and Beyond

Future plans for undergraduate housing development will increase the demand for residential dining. Since neither Lothian nor Scotty's has excess capacity, a new service outlet will be required to absorb the demand from Glen Mor 2 apartment residents beginning Fall 2013. On a longer time basis, the Canyon Crest neighborhood is slated for potential development of as many as 3,900 resident beds, although with the exception of Dundee 1 (600 traditional beds), the timeline for development is uncertain and will almost certainly occur outside the planning horizon for this master planning study. Since Dundee 1 is not large enough to support the development of a Canyon Crest residential restaurant, it is recommended that Dundee 1 residents be absorbed through an expansion of the A-I residential restaurant (directly across the street), and that a Canyon Crest residential restaurant be developed in conjunction with future phases of Canyon Crest housing development. Table 6 recaps the anticipated number of meal plan holders by residence location, and projects the distribution of these meal plan holders with regard to where they are most likely to obtain their meals.

TABLE 6 PROJECTED FUTURE MEAL PLAN COUNTS AND DINING DISTRIBUTION

Housing Counts FY14 and Beyond	Anticipated Opening Date	Bed Count	Anticipated Dinner Meal Distribution				
			A-I Food Service	Lothian Food Service	Glen Mor 1 Food Service	Glen Mor 2 Food Service	Canyon Crest Food Service
A-I		997	100%				
Lothian		1,095		85%		15%	
Pentland		1,328	40%	55%		5%	
Glen Mor 1		500	4%	11%	70%	15%	
Glen Mor 2	Fall 2013	800	4%	11%		55%	
Dundee 1	Fall 2016 (est.)	600	100%				
Dundee 2	TBD	600					100%
Additional Canyon Crest Housing	TBD	2000-2700					100%
Total:		8,620					

Housing Counts FY14 and Beyond	Anticipated Opening Date	Bed Count	Anticipated Dinner Meal Distribution				
			A-I Food Service	Lothian Food Service	Glen Mor 1 Food Service	Glen Mor 2 Food Service	Canyon Crest Food Service
A-I		997	997				
Lothian		1,095		931		164	
Pentland		1,328	531	730		66	
Glen Mor 1		500	19	56	350	75	
Glen Mor 2	Fall 2013	800	30	90		440	
Dundee 1	Fall 2016 (est.)	600	600				
Dundee 2	TBD	600					600
Additional Canyon Crest Housing	TBD	2000-2700					2,700
Total:		8,620	2,177	1,807	350	746	3,300

Based on the above, following is the recommended strategy for residential dining development for FY2014 and beyond.

Glen Mor 2

Since most Glen Mor 2 residents will likely select the Glen Mor meal plan (limited buy-in; 100% Dining Dollars), an extended hours retail Emporium concept is recommended for this neighborhood. Because the site opportunity offers strong adjacency to the Lothian neighborhood, the proposed operation offers a good long-term solution for both capacity and late night service needs in the Lothian neighborhood. The facility will also be well positioned to capture non-resident pedestrian traffic from adjacent parking areas and nearby academic buildings.

The Emporium is envisioned as offering a mini-grocery/convenience store, a coffee concept, and multiple prepared food platforms. At the food platforms, students will have the ability to select both made-to-order menu options and pre-prepared take-away meals, similar to what one might see at a Whole Foods Market. It is recommended that in addition to cash and Dining Dollars sales, the Glen Mor 2 Emporium provide meal exchange opportunities, so that this operation can potentially replace the Lothian convenience store, LoGo's and/ or the Spinelli's late night operations. This will require evaluation once Glen Mor 2 is operational, but to the extent that it is possible to consolidate operations, efficiency will be maximized while improving service to Lothian customers. Additionally, from a menuing perspective, the food platforms at the Glen Mor 2 Emporium should be differentiated from the grill operation at Scotty's, as this will result in maximum variety for students living throughout Glen Mor 1 and 2. Figures 1 and 2 on the following page illustrate the proposed location and service concept for the Glen Mor 2 Emporium. The recommended space program for this facility can be found in Appendix E of this report.

FIGURE 1 PROPOSED LOCATION FOR GLEN MOR 2 EMPORIUM

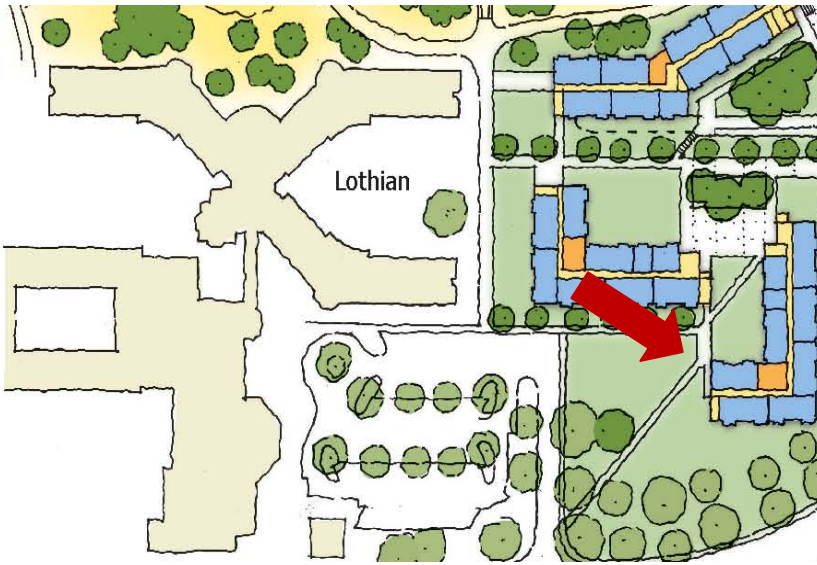
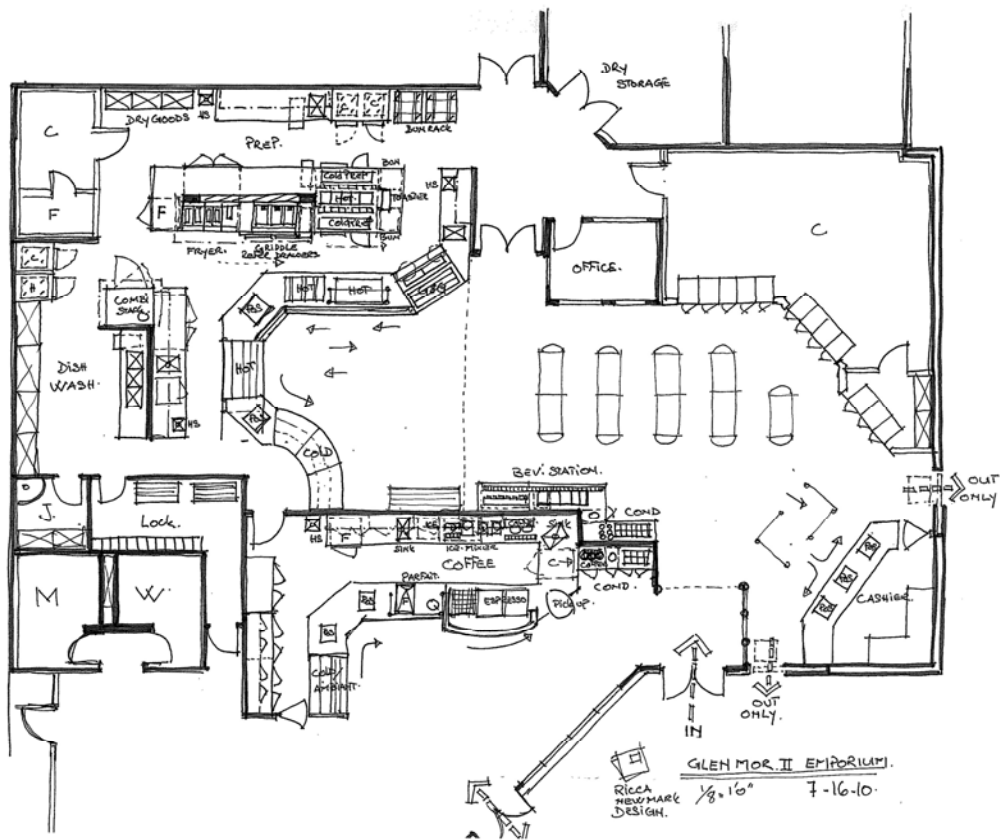


FIGURE 2 PRELIMINARY CONCEPT FOR THE GLEN MOR 2 EMPORIUM



Aberdeen-Inverness

The implementation of Dundee Phase 1 housing as identified in the Detailed Project Program (DPP) August 2009, will require additional production, service and seating capacity at the A-I residential restaurant, offering an opportunity for much needed redevelopment of this facility. Table 7 provides a demand analysis of the seating capacity required, assuming the concurrent development of an A-I Emporium that offers a meal exchange opportunity.

TABLE 7 DEMAND ANALYSIS FOR AN EXPANDED A-I RESIDENTIAL RESTAURANT

Seating Demand Analysis	A-I Dining Including Dundee I
Total Customers	2,177
Peak Meal Participation Rate	70%
Peak Participation	1524
Peak Hour Participation Rate	55%
Peak Hour Customers	838
Seat Turnover	1.5
Occupied Seats	559
Seating Efficiency	80%
Actual Seat Requirement	698
Take Out % (Note 1)	20%
Seating Requirement after Take-out	559
Current Seating	500
Variance	59

Note 1: The analysis assumes that 20% of meal plan holders will utilize a new A-I Emporium for their dinner meal.

The analysis indicates that 560 seats will be required so long as the A-I Emporium is developed either prior to or in conjunction with the redevelopment of the residential restaurant. Figure 3 illustrates the preliminary concept for the new A-I Emporium, to be located in the D Wing of the building, adjacent to where it also has the potential to draw customers from the Horseshoe and from Aberdeen Drive. The recommended space program for this facility can be found in Appendix E. The prepared food platform for the Emporium is envisioned as a branded diner concept such as IHOP Express or Denny's Express. Customers may choose to dine inside where the food is being prepared or they may choose to dine on the outside patio, adjacent to a new game room. Given both programmatic and capacity needs at A-I, it is recommended that this project be undertaken immediately, with a targeted opening date of Fall 2013.



FIGURE 3 PRELIMINARY CONCEPT FOR A NEW A-I EMPORIUM

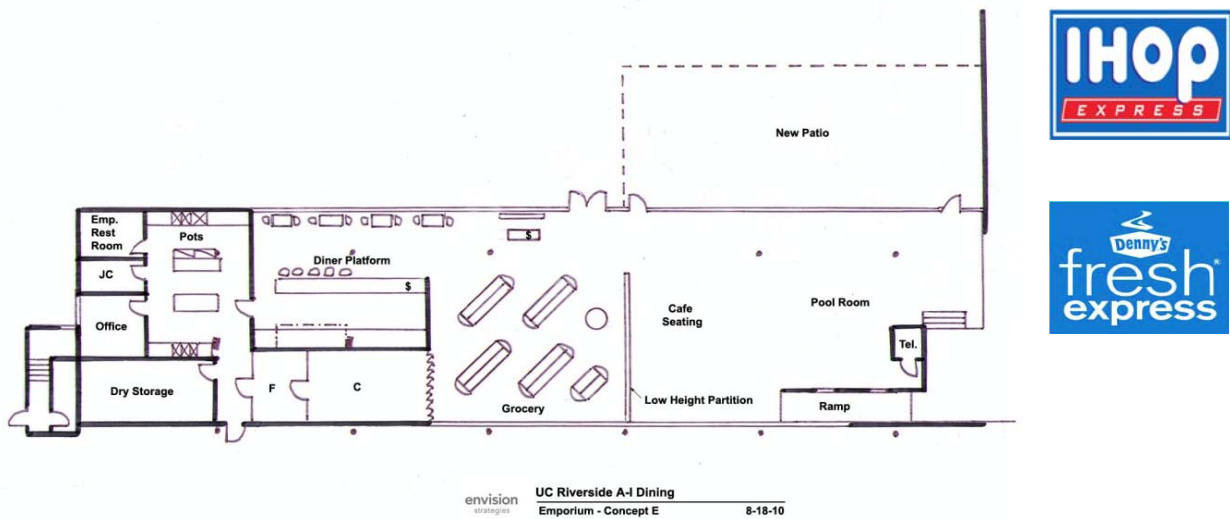
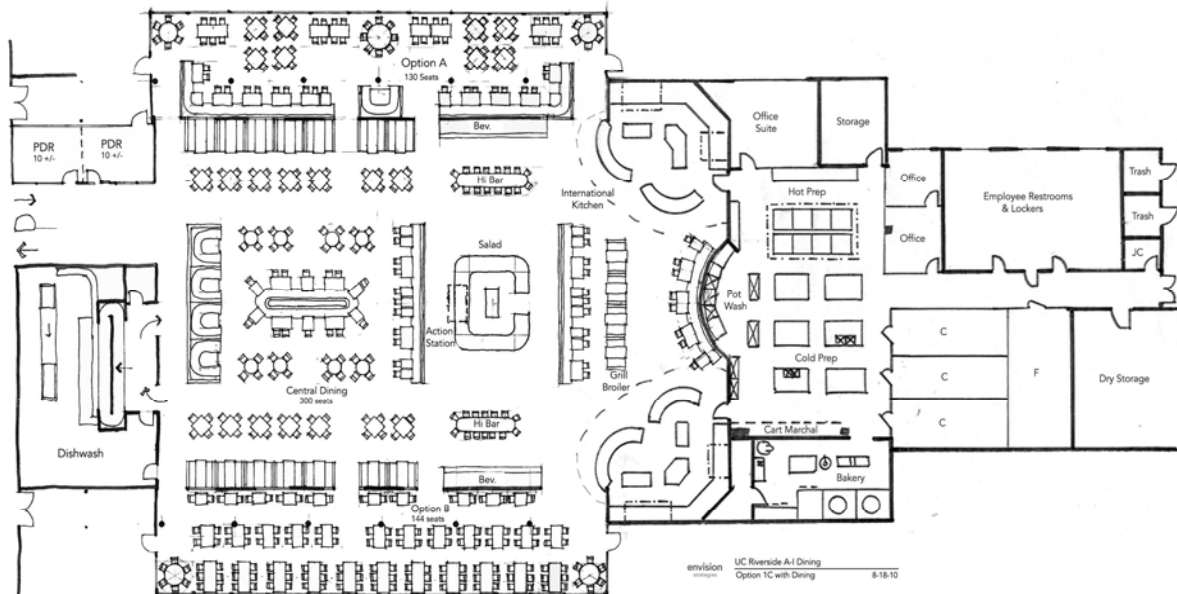


Figure 4 illustrates the proposed concept for the expansion of the A-I residential restaurant, which entails the replacement of the two atrium dining rooms with expanded space. The design incorporates new, exhibition style service platforms, and provides an opportunity to incorporate one or more of the service platforms added as part of the short-term strategy for the facility. As can be seen, dining spaces are configured as restaurant-style seating environments, incorporating a variety of seating styles, including booths, banquettes and café seating. Due to the deteriorated infrastructure at this location, it is recommended that the redevelopment occur as soon as possible, with a targeted opening date of Fall 2014, but no later than the opening of Dundee Phase I. The recommended space program for this facility can be found in Appendix E.

FIGURE 4 PRELIMINARY CONCEPT FOR AN EXPANDED A-I RESIDENTIAL RESTAURANT





### Dundee 2 and Additional Canyon Crest Development

The need for additional dining facilities in the Canyon Crest neighborhood will require evaluation during the Dundee 2 planning process. The current thinking is that the following may be needed in the future:

1. In conjunction with Dundee 2 build-out (or potentially Dundee1 if warranted by demand), a 4,970 assignable square foot (asf) Emporium;
2. A 10,000 asf catering kitchen in conjunction with Conference Center development (this catering kitchen is potentially intended to function as a central catering kitchen for the entire Catering program, relieving stress on HUB kitchen facilities);
3. A 21,000 asf /500 seat Residential Restaurant conjoined with the Conference Center, sharing a kitchen for operating efficiency;
4. A Convenience Store/Grill adjacent to the Lennox residences, pool, and playing fields.

Appendix E contains the recommended space programs for these facilities, subject to verification based on the development schedule for the Canyon Crest neighborhood.

### Other Considerations

As each change is implemented, Dining Services management will need to evaluate if the desired outcome was achieved, and make course corrections as necessary. For example, if the strategies to mitigate residential restaurant seating deficits prove to be inadequate, Dining Services may want to offer a LoGo's style meal exchange program in the academic zone, perhaps at the existing Stacked Deli location. This operation could accept cash customers as well, providing another retail option at the HUB. Conversely, before new services are undertaken, it will be important to develop "real time" projections of operating cost, so that right-sizing can occur based on prevailing market conditions.



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# Section 4: Retail Dining

## SECTION 4: RETAIL DINING

### Introduction

This section of the master planning study addresses key findings and recommendations regarding UCR Dining Services' retail dining program. At the inception of the master planning study, the retail dining portfolio consisted of the following:

- Arroyo Vista Café – an upscale, waiter service restaurant located in the Alumni Visitor Center;
- Bear Necessities – a convenience store located in the Highland Union Building (HUB);
- Bear Tracks – A coffee truck located on the Pierce Patio;
- El Sol – a quick service Mexican restaurant at the HUB;
- Honor Roll – a quick service sushi outlet at the HUB;
- Ivan's – a walk up coffee / convenience window at Hinderaker;
- LaFiamma – a quick service pasta and pizza outlet at the HUB;
- Latitude 55 – a freestanding, quick service grill restaurant at the HUB;
- Panda Express – a quick service Asian food tenant at the HUB;
- Stacked Deli – a freestanding, made to order deli operation at the HUB;
- Taco Fresco – a Mexican food kiosk attached to the Statistics-Computer Building;
- The Barn – a freestanding fast casual café and performance venue located in the southwest zone of the campus.

### Key Findings

Following are key findings regarding retail dining needs on the UCR campus, both now, and as anticipated in the future.

#### 1. Market Potential

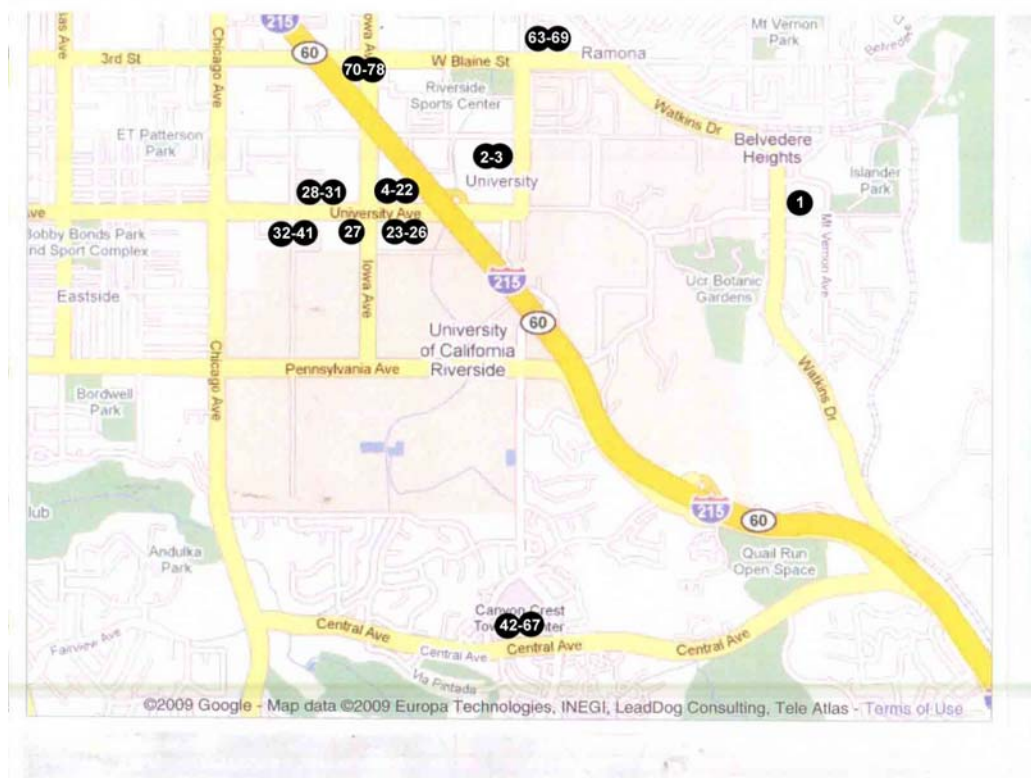
Three issues were considered in understanding the market potential for UCR Retail Dining. These included:

- Competition from off-campus commercial restaurants;
- Current market capture;
- Population densities across campus.

#### The Off Campus Competitive Market

In June 2009, the consulting team conducted a competitive survey of restaurants near the UCR campus (see Appendix B – Competitive Market Assessment). The survey encompassed restaurants and other food service establishments located within a 5-7 minute walk of the perimeter of campus, as well as Goodwin's Organic Grocery and venues at the Canyon Crest Towne Center, a total of 78 restaurants. As illustrated in Map 1 that follows, with the exception of two retail restaurants in Bannockburn Village, the restaurants in the competitive market are either more than a five-minute walk from campus or accessible primarily by car, resulting in parking challenges upon return to campus. This implies there may be opportunities to increase market share during the day.

MAP 1: EXCERPTED COMPETITIVE DINING MAP OF THE AREAS IMMEDIATELY ADJACENT TO CAMPUS



With regard to pricing, the assessment indicated that Dining Services’ retail pricing is normative relative to the off campus competitive marketplace. In other words, on-campus pricing is generally similar to “street pricing”.

### Market Capture

Current market capture rate was analyzed using survey results (see Appendix A – Market Research Findings), in conjunction with a review of financial and transactional data associated with campus retail locations. The survey results yielded the following capture rates, based on the percentage of respondents who indicated that they tend to purchase a meal at an on-campus convenience store, retail dining venue or residential dining facility.

Breakfast	12.6%
Lunch	47.4%
Dinner	22.4%
Late Night	13.4%

Of these capture rates, it is most important to understand lunchtime capture, as it is this peak meal that drives capacity needs. Table 1 highlights lunchtime purchasing behavior of different UCR population segments, based on responses to the survey.

TABLE 1 LUNCH DINING PATTERNS PER SURVEY RESULTS

Lunch	Total	Undergrad On B	Undergrad Off C	Graduate Students D	Faculty F	Staff G
(Sample Size)	(1,737)	(454)	(452)	(178)	(137)	(506)
Skip	4.5%	6.8%E	4.4%	5.1%	1.5%	3.0%
Prepared & Ate at Home/Room	<b>17.2%</b>	<b>16.3%G</b>	<b>23.2%B</b>	<b>18.5%G</b>	<b>20.4%G</b>	<b>11.7%</b>
Brown Bag	<b>17.7%</b>	<b>2.0%</b>	<b>10.4%B</b>	<b>28.7%B</b>	<b>25.5%B</b>	<b>32.2%BC</b>
Ate at Off Campus Restaurant/Fast Food	10.3%	3.5%	11.9%BD	6.7%	9.5%B	16.0%BD
Ate at Off Campus C-Store/Grocery	1.0%	0.4%	1.8%	0.6%	0.7%	1.2%
<b>Subtotal Off-Campus Purchase:</b>	<b>11.3%</b>	<b>3.9%</b>	<b>13.7%</b>	<b>7.3%</b>	<b>10.2%</b>	<b>17.2%</b>
Obtained at Residential Restaurant	11.2%	34.8% CDFG	1.1%	1.1%	0.7%	5.5% CDF
Obtained at Campus Retail Restaurant	29.6%	29.3%	33.2%G	27.5%	37.2%G	25.3%
Obtained at Campus C-Store	6.6%	6.2%F	10.8%FG	9.0%FG	1.5%	3.8%
<b>Subtotal On-Campus Purchase:</b>	<b>47.4%</b>	<b>70.3%</b>	<b>45.1%</b>	<b>37.6%</b>	<b>39.4%</b>	<b>34.6%</b>
Obtained by Delivery	0.2%	0.0%	0.2%	0.6%	0.7%	0.2%
Obtained from Vending	0.7%	0.4%	1.8%E	1.1%	0.0%	0.2%
Ate at Catered Event	0.2%	0.0%	0.7%	0.0%	0.7%	0.0%
Other	0.7%	0.2%	0.4%	1.1%	1.5%	1.0%

The high capture rate for undergraduates living on campus is of course, driven by the meal plan. However, at 45.4%, the capture of undergraduates living off campus is also somewhat high in comparison to consultant experience with similar campuses, suggesting that the potential for additional capture of this market segment may be limited in campus zones with significant existing dining service capacity. However, the research also suggests that there *is* potential to capture additional business in campus zones with significant and/or growing populations that are currently underserved relative to the availability of dining options within close proximity.

As can be seen, the primary competitor to campus dining is not the off-campus restaurant marketplace; rather, it is the high rate of home consumption and brown bagging by graduate students, faculty and staff. Thus, there appears to be some potential to capture a higher percentage of these customers, if campus retail operations can be positioned to better meet their needs. The research suggests that the following factors influence the purchasing decisions of these segments:

- Perceived value – i.e. the relationship between product quality, portion and price;
- Proximity to retail dining locations – the typical customer considers a convenient location to require no more than a three minute walk;
- Ease of access – the customer’s level of confidence in his/her ability to quickly and conveniently make a purchase.

Regarding the last point, faculty and staff focus group participants indicated that perceived lunchtime overcrowding at HUB retail operations negatively impacts their desire to purchase there. An analysis of retail transaction data indicates that the high level of Dining Dollars associated with resident meal plans may be driving out non-resident use of retail dining at peak lunch. For instance, in Fiscal Year 2010, Dining Dollars usage accounted for:

- +/- 30% of sales in Self Operated Retail Dining venues
- +/- 38% of sales at the Bear Necessities Convenience Store at the HUB
- +/- 44% of Panda Express sales (\$495,000) of Dining Dollar sales

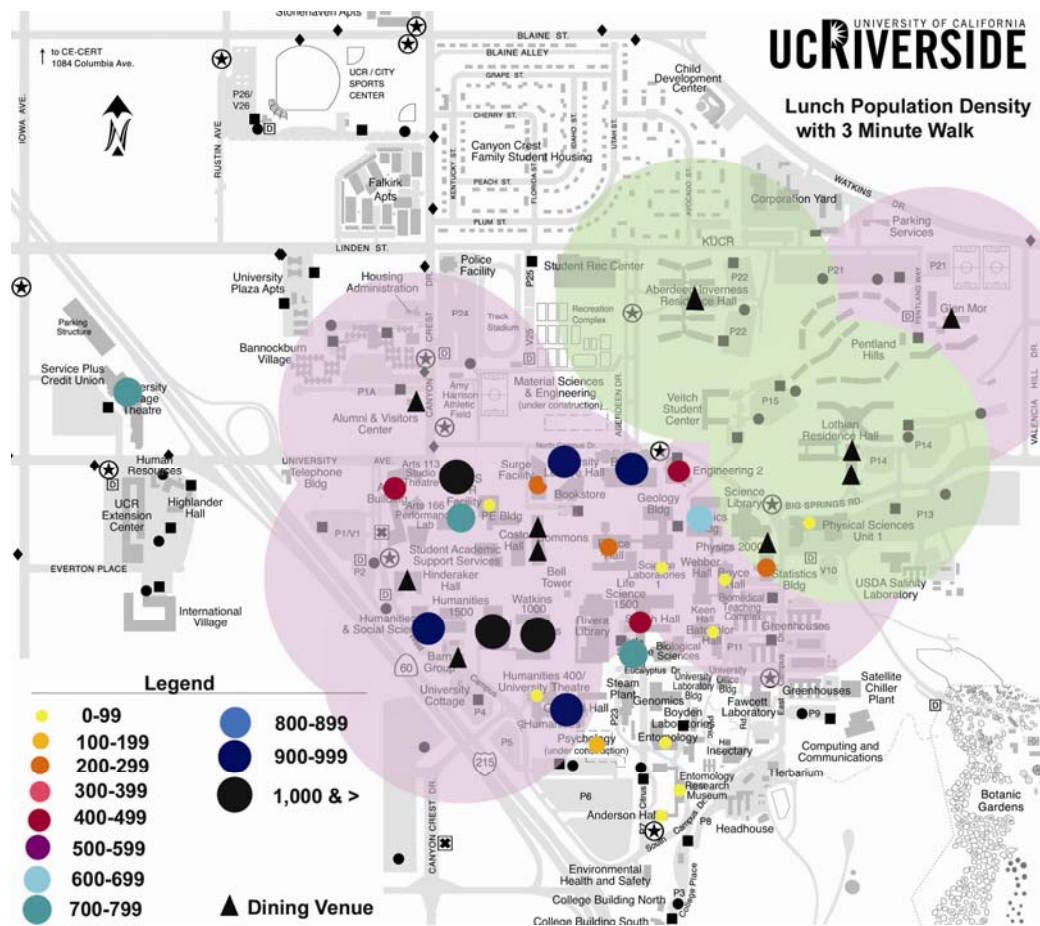
The high utilization of Dining Dollars at Panda Express is particularly painful, as the rent structure of the tenant contract yields a much lower contribution to Dining Services' overhead than would accrue if these dollars were spent in Dining Services operated venues. In addition, historically Panda Express has not been charged for any Common Area Maintenance (CAM) fees to cover costs such as cleaning, straws, napkins, plastic cutlery, and fountain soda, which further decreases profitability. Dining Services is taking corrective action on this, and going forward, will be levying a CAM charge of +/- \$30,000 annual on the operation.

On a per capita basis, for FY2009, Dining Services captured \$247.00 per campus community member, assuming an enrollment of 18,079 students, and an additional 5,868 faculty and staff. This represents an \$8.23 per academic week average spend, another indicator that at least some additional revenue potential exists in the market.

Population Densities

Survey findings were also utilized to analyze the population distribution at key mealtime day-parts in relation to the distribution of retail dining locations on campus. Map 2 that follows illustrates the population density during lunch. A three minute walking radius surrounds each available residential dining operation (green circles), and each available retail dining operation (purple circles) to illustrate the catchment area of each venue.

MAP 2: LUNCH POPULATION MAP

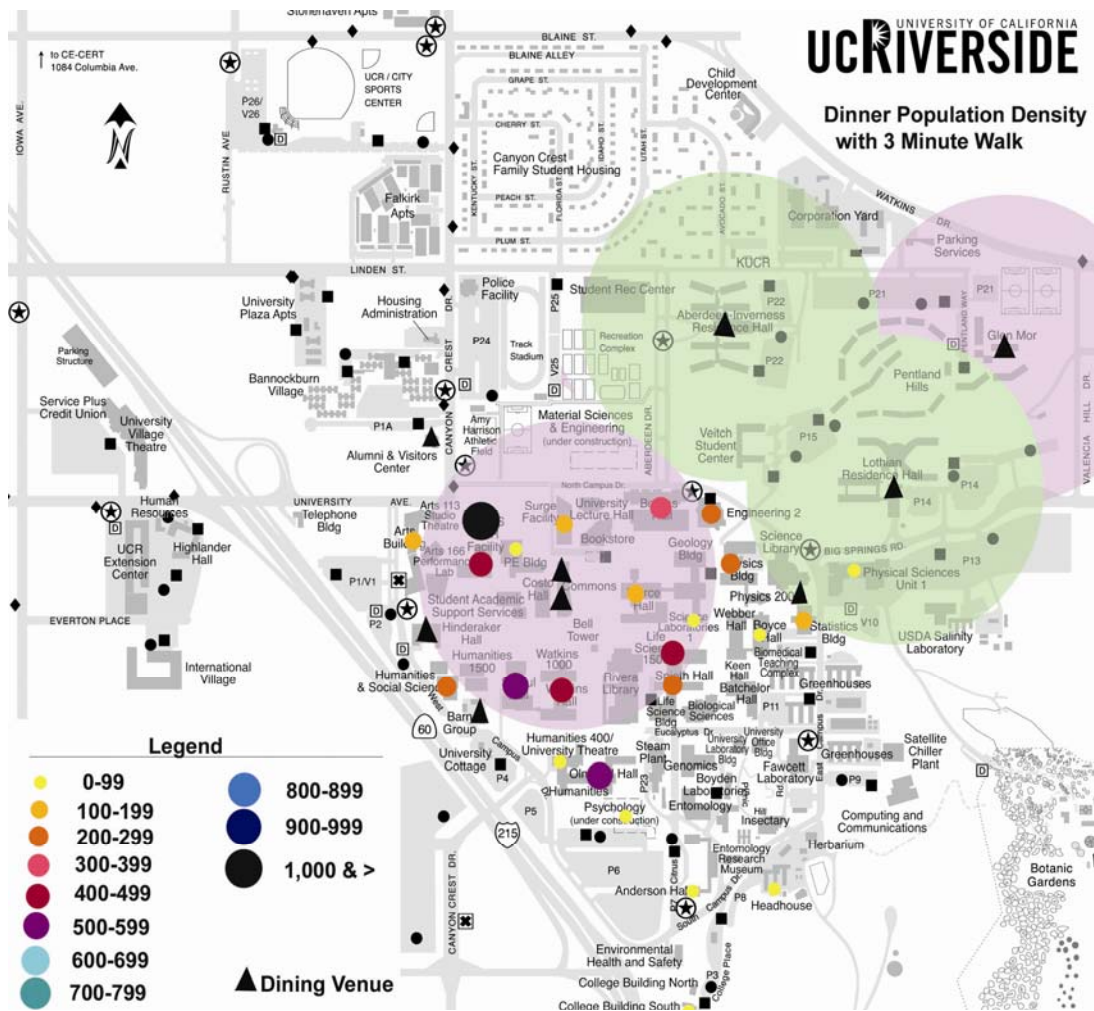




At lunch, most major population clusters are within a three minute walk of the HUB. Exceptions include a significant population cluster at Olmstead, which is in close proximity to the Barn, as well as the Engineering II and the Physics buildings, which fall just outside the HUB’s catchment area and are proximate only to Taco Fresco. Also of note is that the Southeast Sciences Zone falls outside the service radius of current retail dining locations, and with the opening of the Genomics and Psychology buildings, the population density of this zone is increasing.

With regard to dinner, survey results indicate that the population on campus is approximately 48% of the peak lunchtime population. Map 3 that follows illustrates the population density during dinner, 5:00pm to 8:00pm, along with the catchment radius of each dining location that is open for this meal.

MAP 3: DINNER POPULATION MAP



As at lunch, many of the larger population clusters are within a three minute walk of the HUB. Exceptions are Humanities and Social Sciences, Olmstead, Engineering II, and Physics. Although not currently open at dinner, the Barn is proximate to both Humanities and Social Sciences.

### Conclusions Regarding Market Potential

There appears to be moderate-good additional market potential on core campus. However, this potential lies primarily in those zones of campus with significant and/or growing populations that are underserved relative to the availability of convenient dining options offering adequate service capacity. The research suggests that a significant percentage of students, faculty and staff brown bag their lunch at least in part due to capacity deficits in certain areas of campus. These areas are primarily Engineering II and Physics, the Southeast academic zone, and the area in and around Olmstead Hall, a building with significant daytime and evening populations that is within the catchment area of the Barn. Lunch is “prime time” relative to size of the population on campus, and additional capacity can be created by restructuring resident meal plans to encourage more use of the residential restaurants, so that non-resident customers have more access to the retail opportunities on campus. And as discussed in Section 3, there are other good reasons to do this, both financial and programmatic.

## **2. Brand Strategy**

There is a strong desire by the campus administration to add popular brands to the retail dining portfolio to help elevate the image of the campus for prospective students and visitors. Certainly, popular brands often outperform self-brands in the University environment, as evidenced by Panda Express’ revenue, which is a top performer on campus. Research on some of UCR’s peer schools indicates that brands may be somewhat under-represented on the UCR campus in comparison to peers:

- UC San Diego University Unions: 8 of 15 concepts are brands
- UC Irvine Student Center: 4 of 8 concepts are brands
- UC Los Angeles Unions: 7 of 13 are brands
- UCR HUB: 2 of 8 concepts are brands

The market research survey tested for brand strength, identifying In-N-Out Burger as the most popular potential brand for campus; however, this brand does not currently franchise or operate stores on University campuses. The second most popular brand was Subway. Total Respondents indicated that they would patronize a Subway 2.41 times per week and expect to pay \$6.87 per visit.

### Conclusions Regarding Brand Strategy

The addition of 1-2 brands to core campus is programmatically desirable, from both a customer service and institutional perspective. However, careful attention must be paid to brand selection, as these concepts are financially supportable only under the following conditions:

- The brands selected are market leaders;
- The brands selected offer low cannibalization risk - that is, they are unlikely to appreciably reduce the sales at the other existing retail dining venues; and,
- The brand fees and contractual requirements are reasonable.

Over the course of master planning study, Dining Services implemented The Coffee Bean and Tea Leaf brand at the HUB. This brand meets all the criteria outlined above, and has been successful in filling an important programmatic need while driving a substantial revenue stream. Prior to the opening of The Coffee Bean and Tea Leaf, Jamba Juice was identified as a potential brand for the HUB. This no longer appears to be viable, due to the potential to cannibalize CBTL’s sales of its popular blended beverage drinks.

Based on the research results, Subway is a strong candidate for inclusion in the HUB retail portfolio, and its implementation would help bring UCR’s brand mix more in-line with peers. Looking ahead, if future demand warrants, the research suggests that Chick-fil-A is an up and coming brand in the region, offering a favorable license agreement and strong corporate support.



### 3. Service Hours

In order to remain financially viable, evening and weekend service hours for retail dining should be dictated by the level of customer demand for these off-peak day-parts. Having said this, it would be programmatically advantageous to look for opportunities to viably provide these services at The Hub, in order to reinforce the destination of the Union.

## Recommendations

### 1. Service Hours

The recent advent of evening service hours at Latitude 55, La Fiamma and CBTL has been successful in supporting the HUB's positioning as a destination of choice for the campus community. Likewise, CBTL's Sunday service hours add an important amenity to core campus. Having said this, the financial viability of these service hour additions is still being assessed, and modifications may be required. Going forward, it is the department's intent to also offer evening services at The Barn, which may modestly affect customer demand at the HUB, although being located in the Southwest corner of the campus its focus will be to capture customers who have not chosen to eat dinner on campus in the past.

### 2. New Retail Dining Locations in Progress

As research findings emerged over the course of development of the master planning study, Dining Services has begun responding to opportunities to fill distribution gaps and improve services to customers. A new retail café called Bytes has been implemented in the Engineering II building, with a Fall 2010 opening. This operation is positioned to provide a quick service option for this under-served zone of the campus, and has been carefully engineered to ensure a financially viable service model. Planning is also under way to replace the badly deteriorated Taco Fresco operation in conjunction with redevelopment of the STAT / COMP building as a medical education building. The new Orchard concept is envisioned as a grab 'n go kiosk offering a broad range of healthy options, including salads, sandwiches, fruit, organic products and snacks. Due to the popularity of the Taco Fresco menu, the department is purchasing a mobile food truck that will continue to offer Taco Fresco products in conjunction with other popular offerings. While a truck pad will be constructed next to the Orchard to provide support infrastructure for this concept, it is anticipated that other truck pads may be required to accommodate customer retail demand in under-served zones of the campus.

The advent of a mobile truck program for the University is consistent with the surge in popularity of these concepts in the commercial marketplace. These trucks house fully equipped kitchens, and are capable of producing a broad range of high quality, freshly prepared food. The new mobile truck will complement the department's existing coffee truck which is being rebranded under The Coffee Bean and Tea Leaf flag. Working in tandem, these trucks are envisioned to provide much needed daytime service to the southeast corner of campus, until such time as a permanent café location can be identified and made available in this zone. Additionally, the Taco Fresco truck offers the option to provide evening take-away service in the residence zones. Exploration is under way to identify truck parking locations that are visible and accessible to customers, which will be critical to the success of the program.

### 3. Future New Retail Dining Locations

Implementation of Subway is recommended for the HUB, slated for opening in Fall 2012. Per the market research, Subway offers the highest revenue potential and even after considering royalty fees and Dining Dollar usage from the meal plan, the net contribution to Dining Services is expected to be better than the contribution provided by Stacked Deli. Upon opening of Subway, Stacked Deli is slated for closure, unless Dining Services elects to operate a LoGo's style meal exchange program at this location to augment resident meal service while the A-I residential restaurant is closed for renovation.

Once Subway is implemented, there is a good possibility that HUB retail operations will be positioned to satisfy all of the demand reasonably available from the surrounding customer base. Thus, it will be important to take time to evaluate this before implementing additional retail locations in this zone. Over-saturation would have a

significantly detrimental impact on Dining Services' financial health, particularly given the higher than market wages and benefits provided to unionized career staff. Before building additional locations, to the extent that future demand warrants, a more cost effective strategy would be to retool existing self-branded locations to improve customer throughput (such as at Latitude 55), or replace low performers with more popular concepts; for instance, repositioning sushi as a grab 'n go concept and implementing Chick-fil-A at this location.

#### 4. Other Considerations

##### The Barn

The research indicates that expansion and renovation of the Barn is warranted to significantly expand its capacity and improve customer throughput. This eatery is located in a zone of campus that is significantly underserved relative to the potential demand for food service, and the configuration of its service system is inefficient, resulting in slow customer service and line rejection. Historically, the Barn has been a social gathering place for UCR's campus community, offering a quieter, more relaxed atmosphere in comparison to the HUB. Focus group research indicates that its environment is highly valued by older students, faculty and staff, so it will be important to preserve and even improve its ambiance as the facility is expanded to serve more customers.

Planning for renovation and expansion of The Barn has been ongoing for some time, to address its capacity and throughput deficits, and create an exciting indoor/outdoor performance venue. When completed, the Barn will feature more exhibition-style cooking and service, and house a dedicated bar area for evening events. In addition, The Cottage will be transformed into an intimate coffee venue and the Barn Stable will become an annex to The Barn, which will provide an additional venue for catered events. A detailed needs assessment has been developed for the food service component of the Barn renovation, based on research results and demand-based capacity requirements. This can be found in Appendix E of this report.

##### Latitude 55

Although Latitude 55 is of recent construction, the facility is in need of redevelopment to correct its ineffective service system, which, as at the Barn, results in slow customer throughput and consequent line rejection. Moreover, the venue looks and feels "unfinished", and its dining area is uninviting. The temporary closure of the Barn for renovation (in December 2012), and potentially the A-I residential restaurant, will place added pressure on HUB dining operations. Given this, it is strongly recommended that corrective action be taken at Latitude 55 prior to this timeframe.

##### Recreation Center

As of the writing of this report, the Recreation Center is developing an extension plan that includes implementation of a retail café at this location. In evaluating the appropriate service concept, the following should be considered:

- While the Recreation Center is on a pedestrian axis with the residence zone, these potential customers have meal plans, meaning that their café purchases are likely to add little or no revenue in supporting the cost structure associated with adding a service location.
- Otherwise, at least until the Canyon Crest development comes online, it is unlikely that a Recreation Center Café will garner much street traffic, and thus, café services at this location must be tailored to survive on the revenue associated with users of the building. This suggests the following:
  - A branded concept will not viable;
  - The service concept will likely be limited to a program that can be delivered with 1-2 employees.

### Bannockburn Convenience Store

Recently, a question has arisen regarding the potential viability of developing a convenience store at Bannockburn to serve apartment dwellers in the area and capture pedestrian traffic along Canyon Crest Drive. While the viability of this location has not been specifically assessed, Dining Services' convenience store program has been very successful in offering a popular service at a favorable operating cost. The potential viability of the concept will be enhanced if a street location is available.

### Arroyo Vista Café

While the Arroyo Vista Café provides exceptional quality and an important amenity to campus, it is very costly to operate in comparison to its revenue potential as a one meal per day, waiter service restaurant. Going forward, it is likely that subsidy will continue to be required at this location, raising the question of the most appropriate source for this need. Discontinuing use of the Café space as a restaurant would allow expanded use of the facility for much needed conference and event space, and substantially improve the financial performance of the venue.

### Future HUB Expansions

As the University expands and renovates the HUB, Dining Services may be asked to provide a food concept in conjunction with the project, in an effort to increase the destination factor. Since the HUB already has several food venues in this zone of the campus, along with a Subway planned for the near future, it is extremely critical that the University evaluate the market demand for any additional food venues as well as the financial viability of such. The University or Dining Services cannot afford to be in a situation where an additional food venue cannibalizes sales at the other HUB food venues, since this will decrease profitability or the ability to breakeven, since additional labor costs will have occurred.

### West Campus

As of the writing of this report, the strategic plan for West Campus development is in flux, making it impossible to assess potential dining needs and timelines in this zone. In order to provide planning assistance going forward, the consulting team has developed a series of per capita planning metrics for potential implementation of different dining service models. These can be found in Appendix F of this report.

## **Estimated Timeline for Implementation**

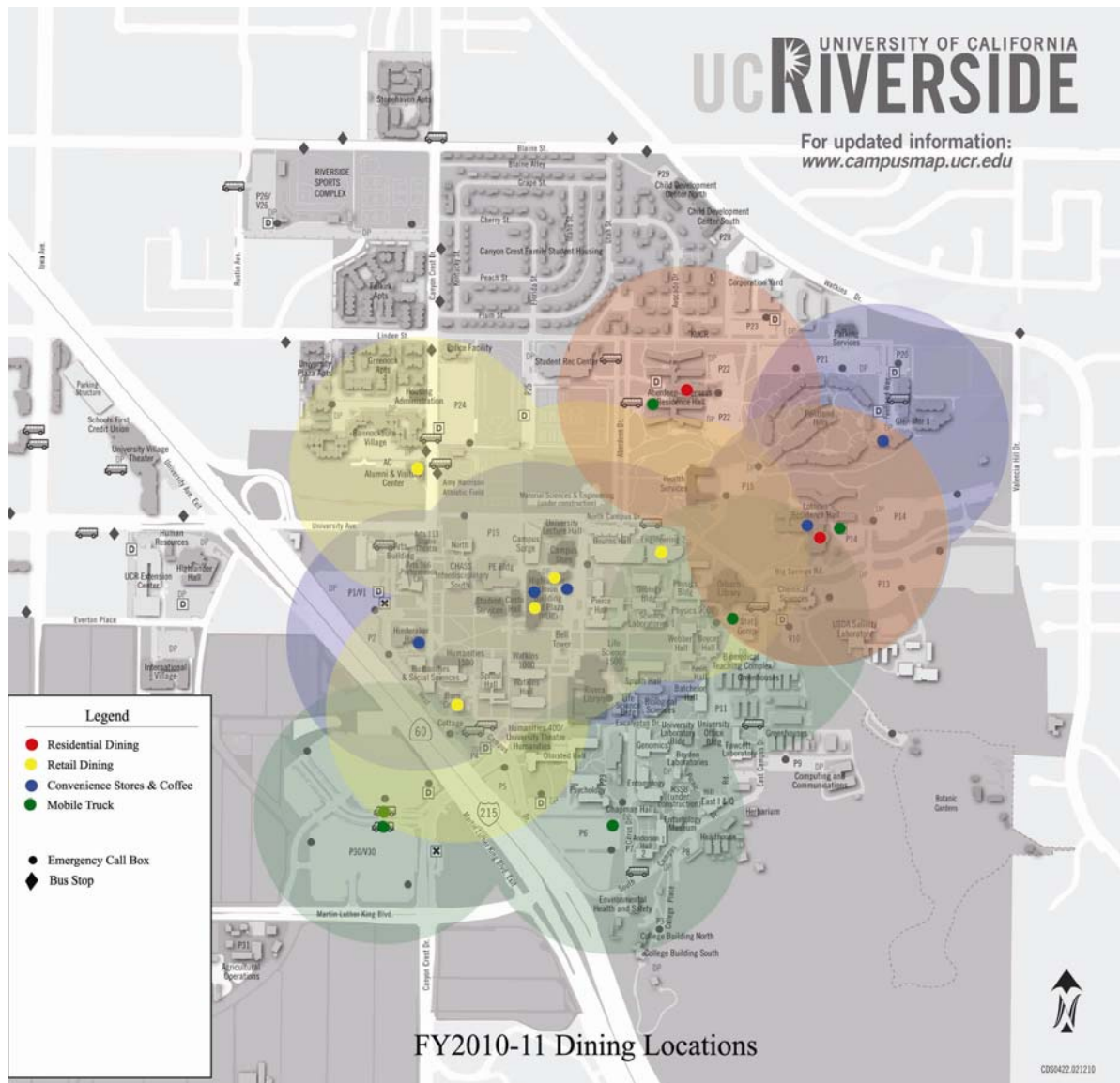
Based on the recommendations, following is a summary of implementation timelines for retail development on the campus.

### **1. Fiscal Year 2011**

- a. Bytes opens Fall 2010
- b. The Mobile Truck program goes live (Taco Fresco & CBTL trucks)
  - Mornings at Commuter Lot 30
  - Lunch service on Southeast Campus
  - Evening service at the residential restaurants
- c. Taco Fresco goes off-line December 2010

Map 4 that follows illustrates the range of options that will be available across campus.

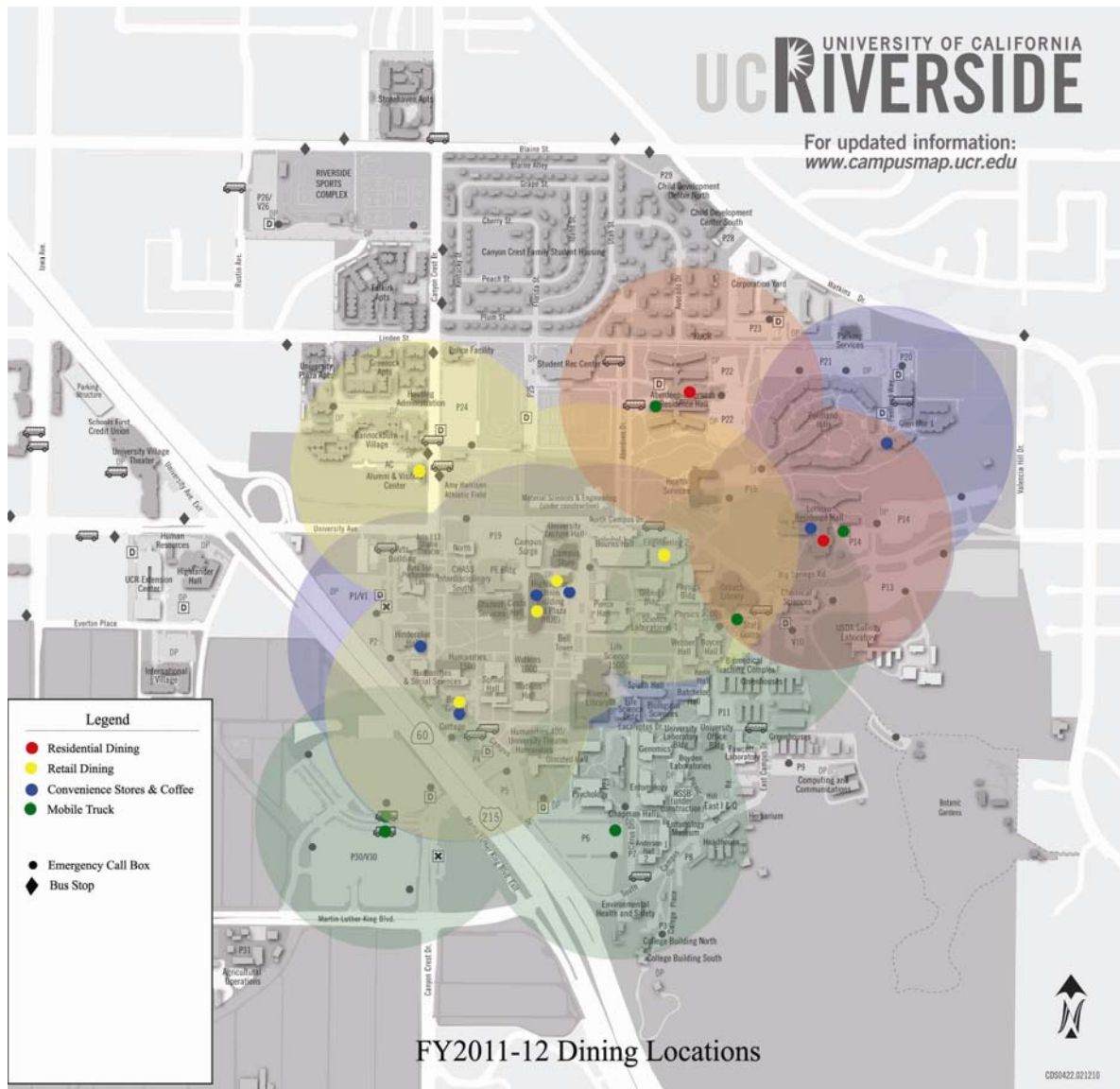
MAP 4 ANTICIPATED DINING LOCATIONS DURING FY2011



2. **Fiscal Year 2012**

No retail locations are slated to open in FY2012. Subway, the Orchard, and Latitude 55 will all be under construction at varying times throughout the year, opening in the Fall of 2012 (FY2013). Map 5 that follows indicates the dining locations that will be available in this fiscal year.

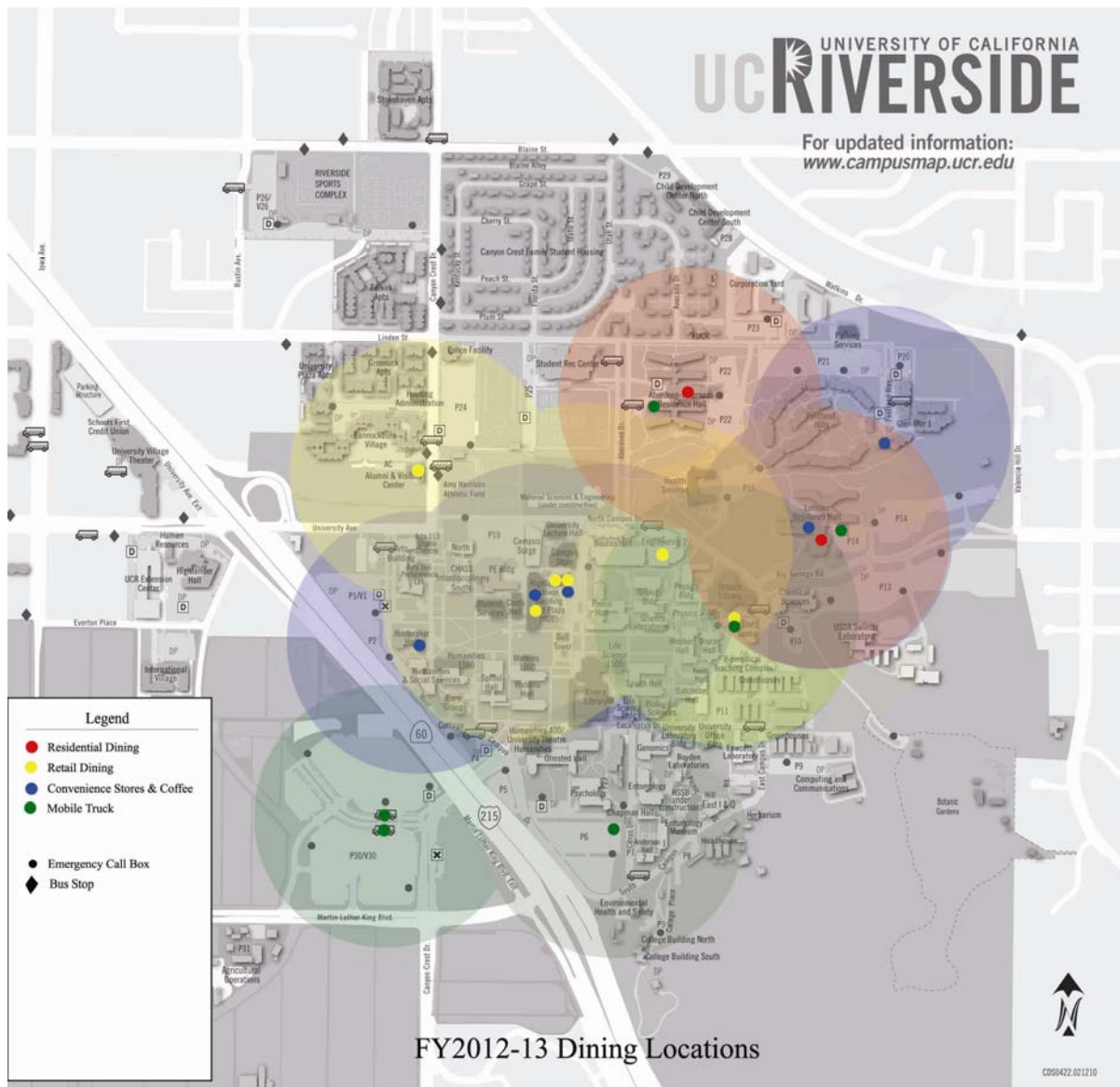
MAP 5 FY 2012 DINING LOCATIONS



3. **Fiscal Year 2013**

Subway and The Orchard are slated to open in September 2012, along with an improved Latitude 55. The Barn and The Cottage will close for renovation/expansion in December 2012. When The Barn closes, a third mobile truck may be needed to help serve the customers displaced by the closure. Map 6 depicts the distribution of dining operations in FY2013.

MAP 6 FY2013 DINING LOCATIONS

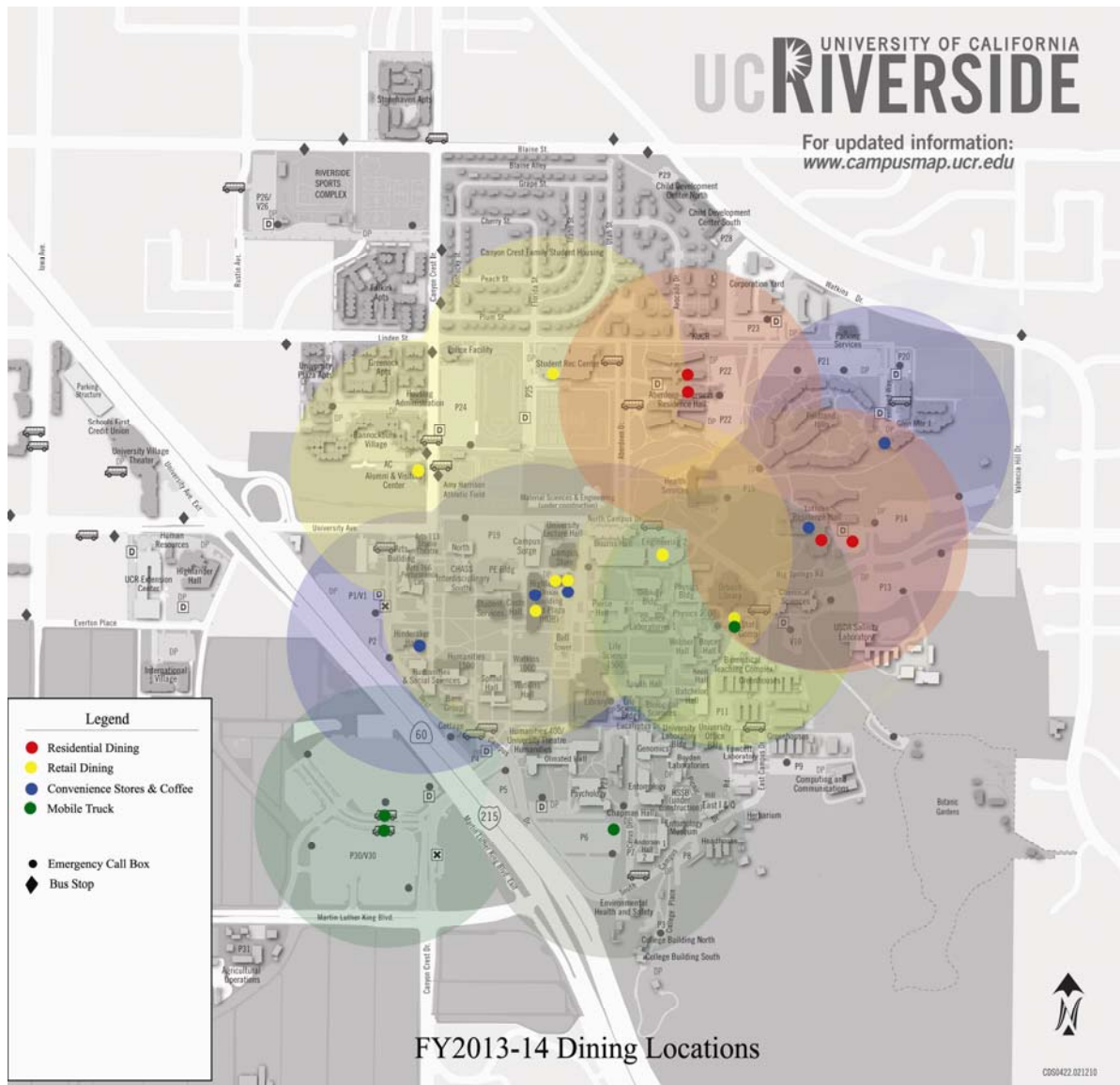


4. Fiscal Year 2014

Although not part of the retail dining program, it is also important to note that the Glen Mor 2 and A-I Emporiums are slated to open in September 2013. Additionally, a new potential Recreation Center retail location may open in January 2014. Map 7 depicts the distribution of dining operations in FY2014.



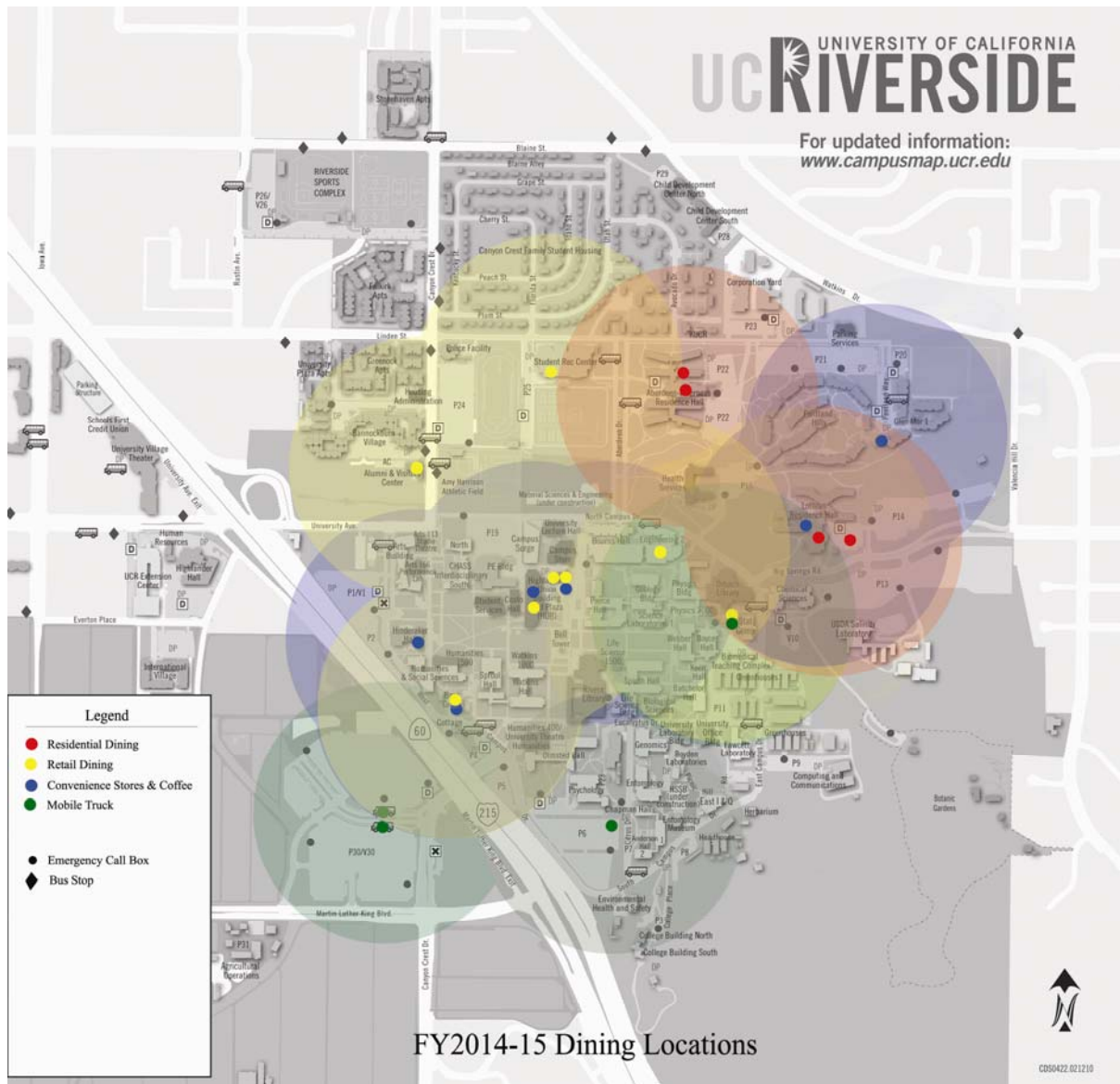
MAP 7 FY2014 DINING LOCATIONS



5. Fiscal Year 2015

The Barn & Cottage reopen in September 2014, completing the expansion of retail locations envisioned by the master plan. Also of note is the reopening of the A-I residential restaurant in September as well. Map 8 depicts the distribution of dining operations in FY2015, at full implementation of the master plan.

MAP 8 DINING LOCATIONS AT FULL MASTER PLAN IMPLEMENTATION







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# Section 5: Phasing Implications

**SECTION 5: PHASING IMPLICATIONS**

**Capital Development**

Per the recommendations outlined in Sections 3 and 4, Dining Services will be undertaking twelve capital development projects through FY2015. A summary of projects and anticipated project phasing follows.

TABLE 1 SUMMARY OF DINING SERVICES CAPITAL DEVELOPMENT PROJECTS THROUGH FY2015

Fiscal Year	Project	In Design	Under Construction	Opening
FY 2010-11	Bytes			Sept. 2010
	Coffee Truck CBTL Re-brand			Jan. 2011
	New Taco Fresco Truck			Feb. 2011
	Orchard	X		
	Subway	X		
	Glen Mor 2 Emporium	X	X	
FY 2011-12	Subway		X	
	Orchard		X	
	Barn & Cottage	X		
	Glen Mor 2 Emporium		X	
	Latitude 55	X	X	
	A-I Emporium	X		
	A-I Dining	X		
	Pot. Recreation Center Retail	X		
FY 2012-13	Orchard			Sept. 2012
	Subway			Sept. 2012
	Lattitude 55			Sept. 2012
	3rd Mobile Food Truck			Sept. 2012
	Barn & Cottage		X	
	A-I Emporium		X	
	Pot. Recreation Center Retail		X	
FY 2013-14	Glen Mor 2 Emporium			Sept. 2013
	A-I Emporium			Sept. 2013
	A-I Dining		X	
	Pot. Recreation Center Retail			Jan. 2014
FY 2014-15	Barn & Cottage			Sept. 2014
	A-I Dining			Sept. 2014

## Transactional Capacity

Based on the capital development plan, Table 2 illustrates the anticipated change in lunchtime (peak meal) transactional capacity at full implementation of the master plan (FY2015).

TABLE 2 ANTICIPATED LUNCHTIME TRANSACTIONAL CAPACITY AT FULL MASTER PLAN IMPLEMENTATION

Dining Venue	Current Peak Lunch Hour Capacity	Current Lunch Meal Capacity	Peak Hour Capacity at Master Plan Build Out	Peak Lunch Capacity at Master Plan Build Out (Note 1)	Notes
<i>Residential Dining Facilities</i>					
A-I	605	1,100	670	1,219	(Note 2)
Lothian	504	1,008	750	1,364	(Note 2)
LoGo's	125	250	125	250	
Scotty's	125	250	125	250	
A-I Emporium	-	-	153	305	
Glen Mor 2	-	-	188	375	
<b>Sub-total Residential:</b>	<b>1,359</b>	<b>2,608</b>	<b>2,010</b>	<b>3,763</b>	
<b>Percentage Residential Capacity Growth:</b>				<b>44%</b>	
<i>Retail Dining Facilities</i>					
Arroya Vista	50	100	50	100	(Note 3)
The Barn	155	310	320	640	
Bytes	100	200	100	200	
Coffee Bean and Tea Leaf	180	360	180	360	
The HUB Food Court					
El Sol	80	160	80	160	
Honor Roll	140	280	140	280	
LaFiamma Pasta	120	240	120	240	
LaFiamma Pizza	200	400	200	400	
Panda Express	200	400	200	400	
Lattitude 55	140	280	140	280	
Stacked Deli	60	120	60	120	
Subway	-	-	120	240	
Ivan's	60	120	60	120	
Taco Fresco	80	160	-	-	
Taco Fresco Truck	-	-	80	160	
Orchard	-	-	80	160	
<b>Sub-total Retail Dining:</b>	<b>1,565</b>	<b>3,130</b>	<b>1,930</b>	<b>3,860</b>	
<b>Percentage Retail Capacity Growth:</b>				<b>23%</b>	
<b>Total Dining:</b>	<b>2,924</b>	<b>5,738</b>	<b>3,940</b>	<b>7,623</b>	
<b>Percentage Total Capacity Growth:</b>				<b>33%</b>	
<i>Campus Population</i>					
Undergraduates	18,242	18,242	18,242	18,242	
Graduate Students	2,504	2,504	2,504	2,504	
Faculty / Staff	7,485	7,485	7,485	7,485	
<b>Total Affiliated with UCR:</b>	<b>28,231</b>	<b>28,231</b>	<b>28,231</b>	<b>28,231</b>	

**Notes:**

Note 1: Peak Lunch Capacity estimated based on an average total turnover of 2 times over the meal period.

Note 2: Capacity for Residential Restaurants has been developed based on dinner demand, which is larger than lunch demand.

Thus, actual lunch utilization will be below capacity.

Note 3: Retail Dining Capacity does not include the Bear Necessities convenience store.

As can be seen, on a percentage basis, most of the capacity increase occurs in the residential dining operations, related to the development of the Glen Mor 2 apartments and Dundee 1 housing. Retail capacity has been positioned to grow by +/-25%. This level of growth is warranted and driven by the need to provide service to areas of campus that are underserved relative to the demand potential (Bytes, the Barn expansion, and the Food Truck

Program), and to meet the University's desire for a stronger brand portfolio through implementation of Subway at the Hub.

### **Resource Requirements**

This level of capital project development and implementation will require significant dedicated resources in the following areas:

- Concept Development
  - Brand strategy
  - Menu and culinary development
  - Development of graphic identifiers
- Design
  - Pre-design planning
  - Design oversight regarding flow, function, merchandising, signage and aesthetics
  - Construction document plan review for conformance to operating requirements
- Operational Planning
  - Marketing plan
  - Smallwares selection and procurement
  - Staff acquisition and training
  - Product sourcing
  - Pre-opening planning
  - Grand opening event planning
- Construction
  - Progress meetings
  - Shop drawing review
  - Field coordination on construction decisions potentially impacting operational capabilities
  - Facility shake down and operational start-up

Given the number of projects slated for FY2011 - FY2013, Dining Services will require significant internal project management resources to implement the magnitude of change envisioned. Dining Services will require the addition of at least two job positions in the areas of operational development and project management, with the structure of these positions determined based on evaluation of current resources and gaps therein.

### **Truck Program**

Dining Services will require campus assistance in identifying strategic locations to place mobile food trucks in order to accommodate customers on the south end of campus. This need is already significant as population builds at the new Genomics and Psychology buildings (400 and 345 occupants respectively), and will become critical when The Barn closes for renovation in FY2012. It is vital that the University work collaboratively with Dining Services to facilitate truck placement opportunities that are visible and accessible to customers, especially in situations where a standalone café will not generate a return on investment. A strategically located Food Truck can not only provide convenience for customers, but also be a financially viable option for Dining Services.

### **A-I Renovation**

A temporary dining strategy will be required to serve resident students when the Aberdeen-Inverness residential restaurant goes off-line for renovation. Following are potential options for accommodating students during the construction period:

- Incorporate "all-you-care-to eat" (AYCE) service or meal exchange opportunities at the HUB food court at dinner;

- Modify the meal plan requirements for A-I residents, such as increasing the amount of Dining Dollars to offset a reduction in the number of AYCE meals required;
- Add a LoGo's style, "grab 'n go" meal exchange concept in core campus, at the existing Stacked Deli location;
- Modify the production and service areas of Latitude 55 to improve customer throughput for higher service volumes;
- Renovate D Wing for the Food Emporium so that it is available for service when A-I Dining goes off-line;
- To the capacity that is available, offer meal exchanges at HUB retail operations at lunch.

The optimal strategy is likely to encompass several of these alternatives, and should be determined based on the timing of construction, the financial objectives of the department, and prevailing retail market conditions on campus.



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# Section 6: Catering & Conference Services

## SECTION 6: CATERING AND CONFERENCE SERVICES

Following are key findings and recommended master planning study strategies for Citrus Grove Catering and Conference Services.

### Introduction

At the inception of this study, Dining Services offered two separate catering services, as follows:

- Citrus Grove Catering based in the HUB, positioned as the campus-wide catering department; and
- Arroyo Vista Catering based in the Alumni Center, positioned as the signature, boutique caterer for this venue, under the premise that the facility would be highly marketable for catered events both inside and outside the University community.

The University’s Conference Services department was structured with a Housing reporting line, operating in parallel with Catering Services. Over the course of the study, the reporting line for Conference Services was changed to Dining Services in an effort to capture synergies between Conference Services and Catering Services.

### Catering Services Key Findings

#### 1. Market Penetration and Customer Perceptions

Citrus Grove Catering’s market penetration is strong across all event types, as evidenced by the survey responses recapped in Table 1.

TABLE 1 SURVEY RESULT COMPARING USE OF UCR CATERING AND OFF-CAMPUS CATERERS

Caterer	Coffee Service & Breaks	Boxed Luncheons	Served Luncheons & Buffets	Dinners & Receptions	Large Banquets & Special Events
UCR Caterers	75.2%	66.3%	69.1%	66.6%	72.7%
Outside Caterers	24.8%	33.7%	30.9%	33.4%	27.3%

As part of the market research survey, catering arrangers were asked to rate on-campus catering services in comparison to off-campus caterers by signaling their level of agreement with a series of statements describing various service aspects. The rating scale used was from 1 to 10, with 10 equaling complete agreement with the statement and 1 equaling complete disagreement with the statement. Table 2 summarizes the results.

TABLE 2 SERVICE COMPARISON OF ON-CAMPUS CATERING AND OFF-CAMPUS CATERERS

Agree or Disagree Statements Scale 1-10	On Campus Catering (226)	Off Campus Provider (140)	Variance
The on-site staff is professional in appearance and conduct	8.06	8.17	-0.11
Service occurs efficiently without disruption to our meeting/event	7.90	7.95	-0.05
The caterer cleans up promptly after events and leaves the facility in good condition	7.82	7.39	0.43
The full cost of the event is clearly understandable at the time of booking	7.77	8.27	-0.50
I will continue to use this caterer for future events	7.70	8.56	-0.86
The caterer provides exactly what I ordered	7.61	8.39	-0.78
The events are always delivered/set up on time	7.54	8.03	-0.49
The quantity of the food/beverage provided meets my expectations	7.41	8.50	-1.09
Billing is timely and accurate	7.36	8.50	-1.14

TABLE 2 SERVICE COMPARISON OF UCR CATERING WITH OFF-CAMPUS CATERERS (CONT.)

Agree or Disagree Statements Scale 1-10	On Campus Catering (226)	Off Campus Provider (140)	Variance
The quality of the food/beverage meets my expectations	7.35	8.53	-1.18
The campus facilities I use for catered events are adequate to meet my needs	7.03	6.91	0.12
The menu options available for me to select from are appropriate and offer enough variety for my catered event	6.81	7.81	-1.00
The catering service is flexible in working with my changing needs	6.78	7.91	-1.13
It is easy to get in touch with the right person when placing orders	6.67	8.36	-1.69
A good value is received for the price paid	5.95	7.98	-2.03
I can make all of my arrangements with a single phone call	5.93	7.70	-1.77

The most significant discrepancies between Citrus Grove’s catering services and those of off-campus caterers revolved around value and ease of event arrangement, followed by quality and quantity of food and beverages, and the variety of menu options available. Given the economic downturn and consequent budget restrictions, many campus constituencies are trying to do more with less. Some catering customers feel that the range of menus and pricing tiers currently available do not fully meet the needs of budget squeezed University departments and student organizations.

2. Catering Demand

Although UCR Catering has a majority share of the business, its revenue has dropped significantly over the past two years, due primarily to recession based budgetary cuts. Current sales volume is +/- \$750,000 annually, which is approximately one-third less than pre-recession volume. Moreover, Arroyo Vista Catering entered the market without an effective marketing plan or adequate marketing staff resources. As these issues emerged in the research phase of the master planning study, the decision was made to merge Arroyo Vista Catering into Citrus Grove Catering, with a resultant operational savings of +/- \$500,000 annually.

3. Room Scheduling Policies

Most of Citrus Grove’s catering business is off-premise, with relatively little catering occurring in the HUB, a condition that is significantly atypical in comparison to most campuses. The result is a costly operating model in that off-premise catering requires far more labor and equipment support in comparison to on-site catering where production and labor infrastructure can be used more efficiently. It appears that the HUB’s policies around blocking event space for student use may be impacting the ability to host catered events in the building, many of which require a long lead time. This is not to say that the student centric focus is inappropriate – after all, the HUB is a student funded building. Rather, it is to suggest that the balancing act between competing needs may be skewed in comparison to the norm.

In addition, opportunities for weekend events are sometimes inhibited by the building’s limited operating schedule on weekends, which can result in incurring overtime charges for staff to set up and break down rooms, as well as monitor activity in the building. Finally, many campus constituencies find the room rental fees to be expensive and the lack of parking problematic, both of which become an obvious deterrent to utilizing the facility. Consequently, missed opportunities are occurring for both the HUB and Citrus Grove Catering.

4. Catering Policies

Catering Services has policies that indicate minimums as well as timelines for placing orders; however, they receive an inordinate amount of exceptions to these policies from VIP offices. As a result, Catering Services accommodates these requests, regardless of the potential negative financial impact on the department. For example, a department may require a private meal for four people on a Saturday when no other catering functions are scheduled, necessitating a level of labor infrastructure that cannot be absorbed in the event price, especially considering prevailing labor union wage and benefits rates. When these situations occur, Catering



Services needs to enforce the already established policies by imposing surcharges so that these functions can occur at break-even pricing.

#### 5. Staffing Leverage

Given the seasonal nature of University event scheduling and the challenges of securing a stable volume of year-round catering business, catering volume varies significantly from week to week and month to month. As a result, Catering management, production and service staff is not always fully leveraged.

### Conference Services Key Findings

#### 1. Space Availability

One of the biggest challenges for Conference Services is the ability to secure event spaces on campus far enough in advance to meet the needs of conference planners, who typically seek commitments 1-2 years prior to the event. A compounding factor is the deficit of large (+200 guests) event space on campus. As with Citrus Grove Catering, HUB room booking policies appear to be an inhibitor to increasing both academic year conference volume and summer conference event volume, resulting in loss of summer housing revenue. Likewise, the Recreation Center is reluctant to release its multipurpose space, protecting it for student use even during the summer months when few students are on campus.

#### 2. Other Amenities

Conference planners typically seek access to amenities to round out their programs, including recreational space such as the playing fields, pool, fitness center and gym. The availability of these spaces is almost non-existent during the academic year and very limited during the Summer Quarter. In addition, the lack of convenient and available parking spaces is deterring some groups from booking their events on campus.

#### 3. Operating Inefficiencies

Given the challenges to secure year-round conference business, the number of groups on campus varies significantly from week to week and month to month. As a result, like Citrus Grove Catering, Conference Services sales and event management staff is not always fully leveraged.

### Recommendations

Based on key research findings, the following master planning study strategies are recommended to improve the operational and financial performance of Citrus Grove Catering and Conference Services:

#### 1. Continue to Leverage Synergies between Citrus Grove Catering and Conference Services

Because catering and conference demand is cyclical, consolidating these two departments should provide opportunities to leverage sales and event management labor and create operational efficiencies. Over time, the consolidation could provide the added benefit of creating a “one stop shop” experience for event arrangers seeking both meeting and catering services. Currently, two room reservation systems are used – one for University space and event scheduling, and one for HFS beds and meeting space. Ultimately, a transition to a common software will be necessary to create a truly seamless system.

#### 2. Re-evaluate Room Scheduling Policies

It is recommended that the University re-evaluate current HUB and Recreation Center space booking policies – including protection policies, room rental fees and parking, to achieve the right balance between serving the needs of student organizations and the larger University community. It is important to remember that every dollar contributed by Citrus Grove Catering and Conference Services to cover University and Dining Services overhead helps support the continued provision of affordable services to students.

3. **Leverage Food Production Staff at the HUB**

Current catering revenue volume does not support a dedicated food production staff, which is the current production model for Citrus Grove Catering. Because of this, a consolidated production model will be more efficient, comprising the production requirements of both Citrus Grove Catering and the HUB retail food program. This will result in a more fully leveraged staffing plan, which is particularly important given the higher than market wage and benefit rates of unionized staff. In order to accomplish this, it is anticipated that the grab 'n go production that now occurs in the HUB main kitchen will need to relocate to the current HUB catering kitchen, so that retail and catering production can be consolidated into the main kitchen.

4. **Implement a Tiered Catering Pricing Structure**

Redevelopment of Citrus Grove catering menus to incorporate a broader range of service tiers will appeal to budget conscious customers and student groups, improving satisfaction with the program. At least three service levels should be made available to catering customers; full service, limited service and a no-frills / pick up service. Limited service options can be structured as a drop off service, utilizing disposable ware. The no-frills/ pick-up service can incorporate select inventory items requiring little or no preparation (ex: chips and salsa), as well as products offered in HUB retail locations such as pizza and pasta, sold on a cost plus basis.

5. **Review Catering Policies**

It is recommended that Citrus Grove Catering undertake a review of peer campus catering policies to assist in establishing catering policies such as event minimums and ancillary charges. This should help protect the department from providing services at pricing structures that don't cover costs.

6. **Develop a Conference Center**

On a longer term basis, it is clear that large event space is at a deficit on campus, and that this is a necessity to fully leverage both Citrus Grove Catering and Conference Services. Thus, the planned conference center at Canyon Crest appears to be the optimal strategy for adding necessary capacity to campus, and driving important summer housing revenue. Once this project reaches the DPP stage, it will be important to evaluate both the potential benefits and cost impacts of creating a dedicated catering kitchen at this location. Much of the decision will rest on an assessment of whether anticipated catering volume will be high enough to support a dedicated catering production team. It is anticipated that catering revenues of approximately \$1.5 million may merit a dedicated catering production team; however, this should be re-evaluated when this level is reached given the prevailing labor wages and benefits at the University and any potential economic factors that may influence catering requests.

7. **Special Event Facilities**

Since there are not enough catering facilities on campus for large groups, Dining Services frequently has to reconfigure the A-I dining room for special or catered events. This is not only challenging to execute, since A-I provides continuous service to residential students Monday through Friday, it can also be very expensive due to the additional labor required to set-up, clean-up, and re-set the dining room. These tasks are conducted by unionized labor that may involve over-time hours or minimum hours if called into work. Either way, this additional labor expense should be passed onto the event customer, since the room set-ups are not part of the Dining Services annual operating budget. In addition, as the demand for residential dining increases at A-I, this location may not be available for special events in the future.



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# Section 7: Concessions Services

## SECTION 7: CONCESSIONS

Following are key findings and recommendations for UCR Dining Services' Concessions Services.

### Key Findings

Currently, the Concessions program is operated similar to an off-premise catered event. Dining Services prepares food and beverages for the event in one of its dining venues and then transports the products to the event site where they are served using portable tables and equipment. This approach is required even for events at the University's gymnasium, such as basketball, because the facility lacks the infrastructure necessary to support an on-site Concessions program. Historically, Dining Services' Concessions program has not been financially self-sustaining, due to low event attendance in combination with this labor intensive service model. Until participation at athletic events increases, operating a financially viable concessions program will continue to be challenging.

### Recommendations

#### 1. Leverage the New Food Truck Program

Dining Services may find it advantageous to leverage its new mobile truck program in providing concessions for outdoor events, eliminating set-up and tear-down labor.

#### 2. Partner with Student Organizations and/or Local Service Organizations

It is recommended that Dining Services seek partnerships with student organizations and/or local service organizations to provide concessions labor in exchange for a percentage of revenue or profits. Advantages of this type of arrangement include:

- Can be more cost effective than using Dining Services labor
- Provides funding support for student organizations
- Fosters good public relations in the community

#### 3. Planning Metrics for Future Concession Operations

Should the University move forward with the development of a new University Events Center, dedicated Concessions support and service space will be required. Following are rule of thumb planning guidelines for sizing these spaces:

Concessions stands:    General seating areas: 1 POS (point of sale) per 250 seats  
                                 Premium seating areas: 1 POS per 100 seats  
                                 1 POS requires a concessions space that is 5' wide x 22' deep (asf)  
                                 Example: 500 general seats = 2 POS = one 10' wide x 22' deep concessions stand

Concessions storage:    Provide 40 asf of storage space per 100 seats  
                                 Example: a 12,000 seat arena = one 4,800 asf storeroom

Commissary kitchen:    Provide 25 asf of commissary kitchen space per 100 seats  
                                 Example: a 12,000 seat arena = one 3,000 asf commissary kitchen

The above planning metrics do not include the potential for support spaces required for skyboxes or club restaurants, which should be planned based on the specific service concepts envisioned for these amenities.



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# Section 8: Business Optimization Strategies

## SECTION 8: BUSINESS OPTIMIZATION STRATEGIES

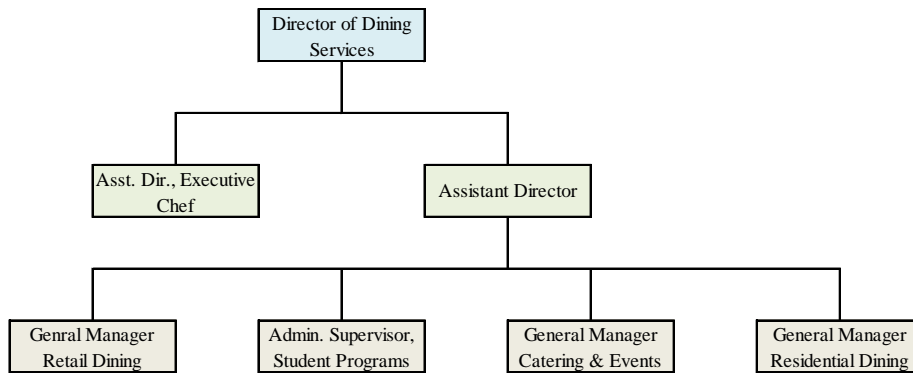
This section of the master planning study addresses business optimization strategies to leverage operational efficiencies and improve operating performance.

### Key Findings and Recommendations

#### 1. Organizational Structure

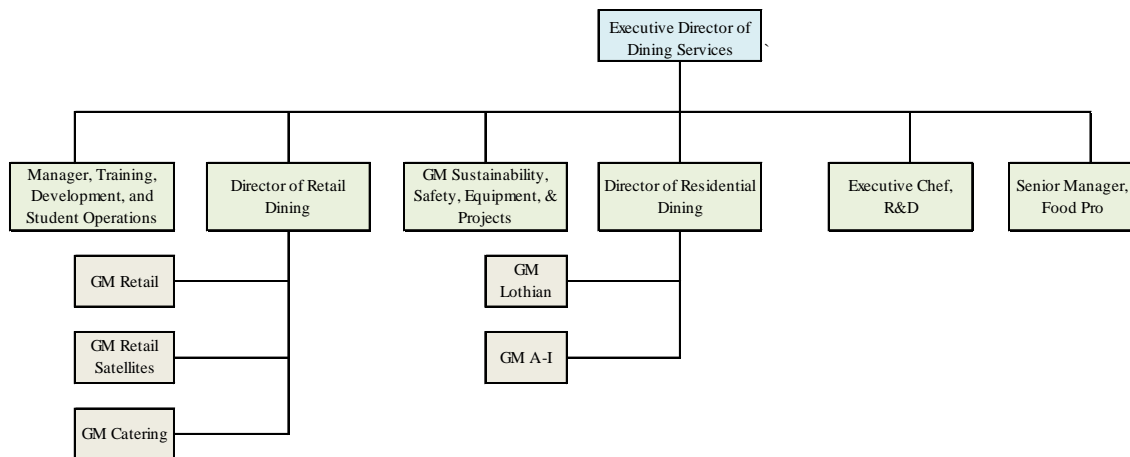
The Dining Services organizational structure at the inception of the master planning study process was both too flat and under-resourced to be managerially effective in moving the program forward. As a result, a significant amount of time has been spent “putting out fires” at the unit level, making it challenging to proactively implement programmatic changes to improve both customer satisfaction and operating performance. Chart 1 below depicts the organizational structure at the start of the master planning study.

CHART 1 DINING SERVICES ORGANIZATIONAL STRUCTURE, FISCAL YEAR 2009



Early in the master planning process, this organization structure was retooled to add more skilled senior management positions, which has been very successful in moving the department forward. Following is the current organizational structure for the department.

CHART 2 CURRENT DINING SERVICES ORGANIZATIONAL STRUCTURE



As noted in the discussion of capital project phasing, the level of capital development slated to occur over the next 2-3 years creates the risk that the Dining Services management team will become overextended even in the

new structure. Additional Dining Services operational and project development resources will be necessary to ensure successful implementation of new facilities and service concepts.

## 2. Technology

Dining Services' current technology infrastructure is inadequate to provide the management information necessary to effectively analyze departmental financial performance, optimize labor scheduling or pinpoint opportunities for performance improvement. For example, the current labor software system is unable to allocate employee hours to the appropriate accounts in real time; consequently, labor costs are either overstated or understated for each dining operation unless unit managers make the effort to transfer the costs manually. Since costs cannot be appropriately allocated, the ability to develop budget-based accounts for each dining venue is extraordinarily difficult and inherently inaccurate. Thus, it is impossible to determine which operations are financially successful and which are not, and to identify appropriate remedial steps for the operations that fail to meet objectives.

Going forward, it is imperative that the department be provided with the appropriate budget to support significant upgrades to its management information systems if the department is to operate at a best practice level. Necessary steps include:

- Upgrade the Kronos time and attendance system so that employees can be charged to the appropriate dining accounts. This will help create profit and loss statements that accurately delineate true labor costs of each operation;
- Require and create communication interfaces between Blackboard, Payroll, Food Pro, Kronos and Infogenesis, so that manual entries do not have to occur to create a profit and loss statement. The lack of manual data entry should result in more timely and accurate management information, forming the basis for sound decision making;
- Implement updated nutritional software so that recipes and menus can be evaluated for nutritional content and become available to customers. Nutritional information as well as ingredient lists are being demanded by customers and will likely become an industry standard in the near future. The increased awareness for healthy eating along with food allergies is increasing this demand and sometimes requires the assistance of a Registered Dietitian to counsel students and customers. A Registered Dietitian can also provide suggestions for improving the healthfulness of particular recipes and menus. If a full-time Registered Dietitian is not affordable initially, Dining Services should consider sharing this position with another department on campus, such as the Campus Health Center;
- Establish appropriate account support to create and implement a comprehensive reporting strategy for the department, including the provision of flash reports, profit and loss statements and key performance indicators;
- As previously discussed, implement a single catering/conference scheduling software so that everyone in the department can view room availability on the same system as well as the requirements for existing reservations. In addition, this system should have the capability of generating an all inclusive invoice for the client.

## 3. Labor Optimization

Dining Services' career-based, unionized labor model results in significantly higher wage and benefits rates than for similar positions in the off-campus commercial marketplace. The University's overhead allocation adds an additional burden, and thus, it is increasingly challenging for Dining Services to maintain competitive pricing structures in its retail dining and catering programs. To mitigate this, two strategies are offered, as follows:

- Going forward, the best way to optimize financial outcomes is through the implementation of fewer, stronger concepts that can absorb existing career labor and cover overhead expenses. For example,

industry metrics suggest that one national brand concept such as Subway, has the potential to generate three times the revenue at a higher level of labor efficiency than a commensurate self branded concept.

- As new concepts are implemented over the next 1-3 years, it is recommended that Dining Services leverage the current number of career positions across more operations, right-sizing the level of skilled labor at each location and incorporating more part-time and student labor for positions that require less skill.

#### **4. Central Production**

Given the demand for like products across campus such as grab ‘n go foods, various central production strategies were evaluated, including a central commissary, as a means of leveraging highly compensated career labor. Considering the capital development and ongoing operating costs associated with the development of a central commissary, it was determined that 1) the investment would not pay for itself, and 2) fixed labor costs could inadvertently result in a more costly labor model than current. Moreover, the food service manufacturing industry is trending toward more spec production, providing large volume food service programs the opportunity to outsource specialty production needs in a cost effective fashion.

In assessing alternative strategies, the best opportunity for leveraging a central production strategy lies in a “micro commissary” approach that utilizes existing dining facilities and labor to produce common use products for multiple locations across campus. The following is envisioned, and is in the process of implementation:

- Grab ‘n Go production consolidated to the HUB kitchen and The Barn (post expansion);
- Production for the mobile trucks incorporated into a Residential Restaurant production kitchen;
- Production for the planned Food Emporiums incorporated into Residential Restaurant production kitchens.

#### **5. Dining Services Website**

In this digital age, the Dining Services website is a critical tool in reaching customers with information on available services, hours of operation, menus, pricing and nutritional information. The architecture of the current Dining Services website (to some extent dictated by the University), limits the department’s ability to leverage this tool to incorporate many of the web design, technology, and e-commerce features becoming more common on Dining Services websites across collegiate dining. Additionally, Dining Service is under-resourced to maintain the site with updated information and new features. Given the sophistication of Student Affairs in developing and deploying new technology, this is an area of the program that could benefit from its assistance.