

Baker House Dining Report

Baker House Dining Committee

Outline

- Presentation
 - Report findings
 - Suggestions
- Discussion
- Response to report

Positive Trends

- Successful introduction of competition in main campus dining
- Vendor choices for main campus (Anna's Taqueria, Dunkin Donuts and Subway)
- Increases in Baker Dining utilization

The BHDC thinks that there have been a lot of positive changes to campus dining in recent years. The largest change has been the break up of the Aramark monopoly which has introduced competition to on campus dining and allowed for the selection of vendors desired by students. These vendors have been successful and have had a positive impact on student satisfaction with the dining options on campus. We are also extremely happy about the large increase in the use of Baker Dining over the last few years.

Utilization Data Results

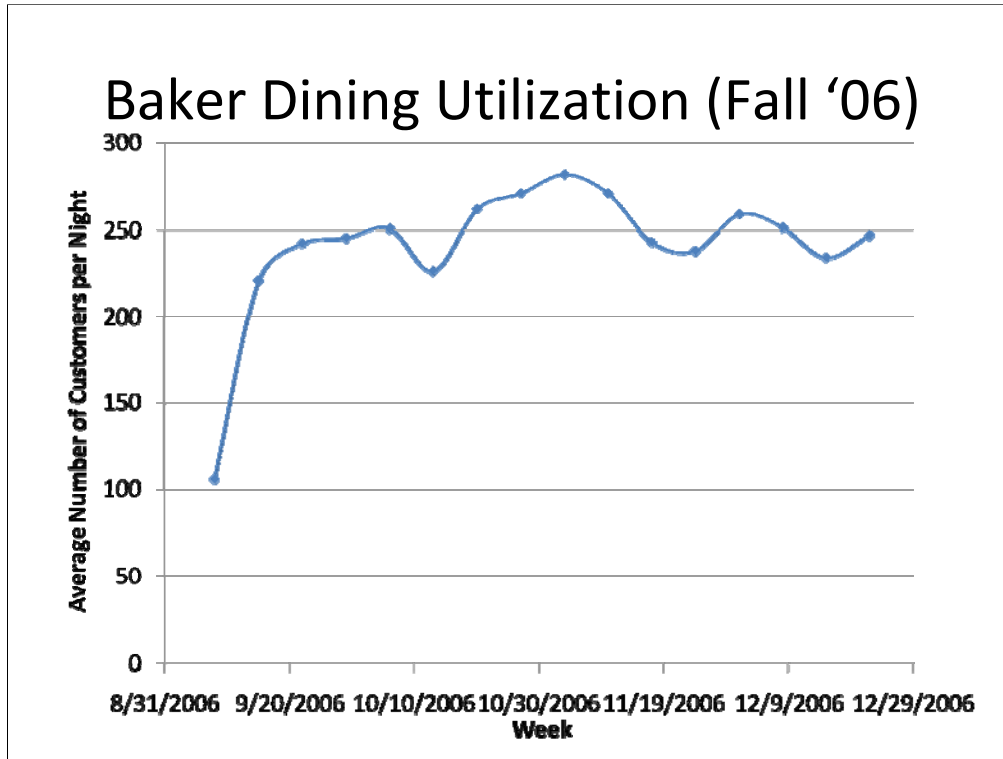
- Average Baker Resident loses \$125 per term
 - Eats ~42 meals out of the 74 to break even
 - Average meal ticket price is \$8.34
 - Average Baker Resident pays \$11.32 per meal
- 44 of 331 (13.3%) Baker Residents break even
- System wide losses
 - Baker loses almost as much money as other dining halls, despite much higher volume
 - Baker is at capacity and still losing over \$100,000

The average Baker resident loses \$125 per term and only 13.3% of residents break even under the current PDM system. Furthermore, the Baker Dining Hall is losing a comparable amount of money to other dining halls, despite having much higher volume. Although Baker is operating at capacity, serving an average of 245 meals/night, the hall is losing over \$100,000 a year. The BHDC finds this number to be unacceptable and there should be some explanation for the egregious loss.

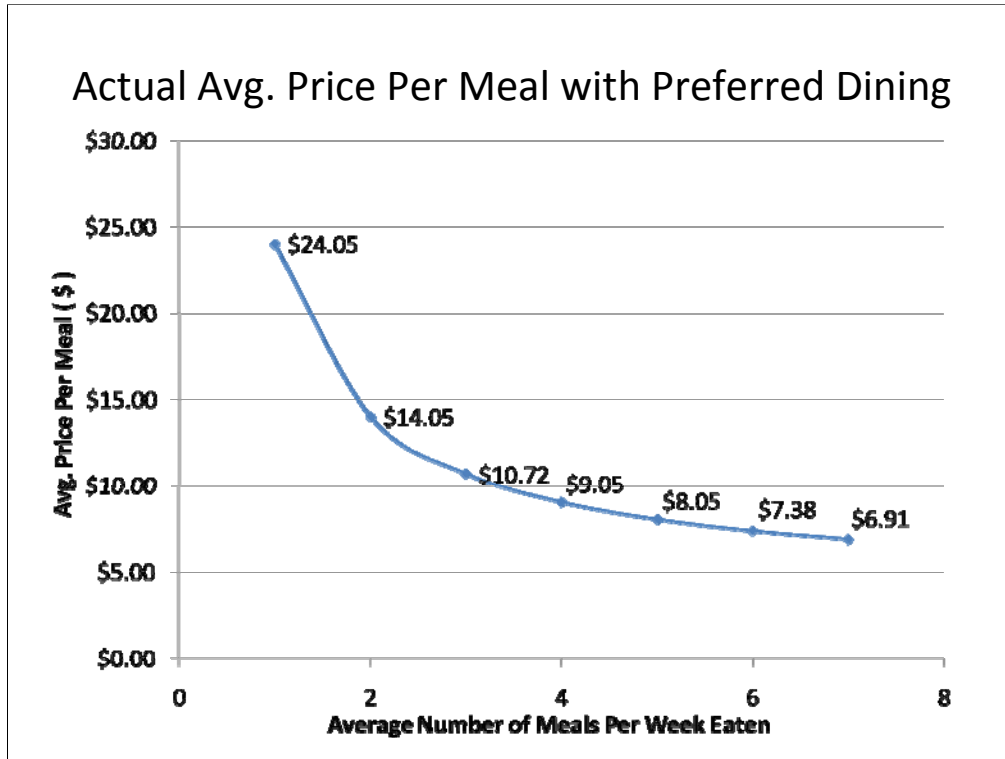
Survey Results

- People are satisfied with the quality and service of Baker D
 - Service: 61% positive vs. 39% negative
 - Quality: 57% positive vs. 43% negative
- 75% of residents don't consider the PDM program a value
- 92% of residents support a PDM extension to Student Center

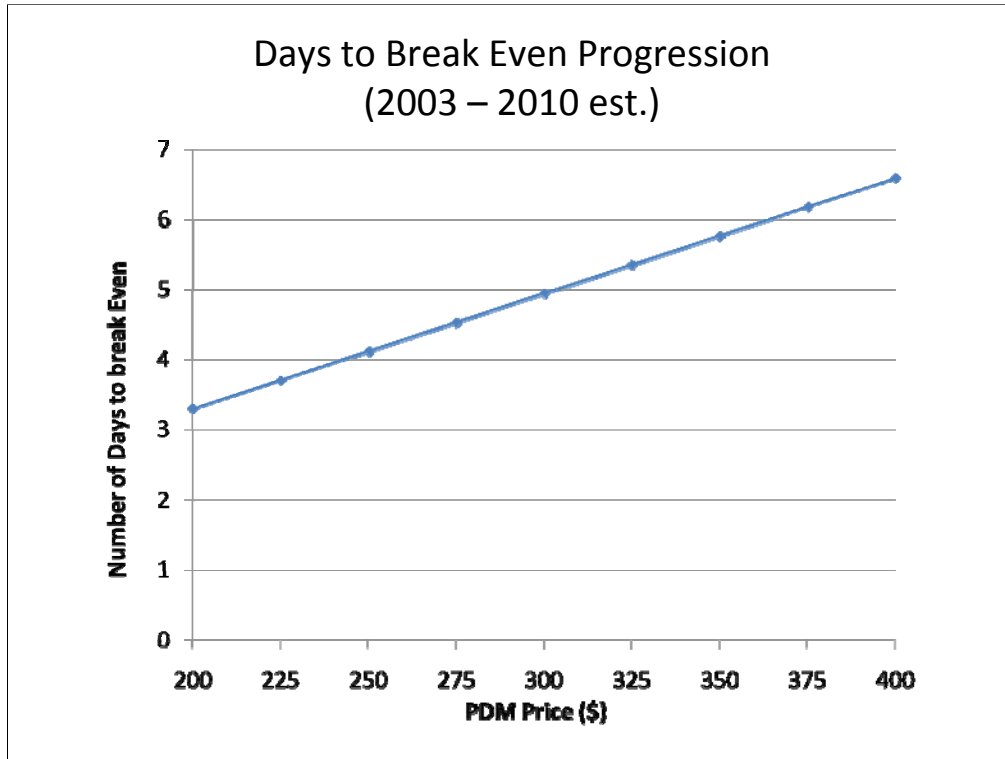
The majority of residents are satisfied with the service and quality of Baker D, but there still remains a large portion of students that are dissatisfied. There is a strong sentiment against the PDM program, as most students don't consider it a value. Finally, the majority of Bakerites feel extending PDM to other on-campus facilities provides a better value proposition to students, gives incentives to eating across campus, and meeting other students.



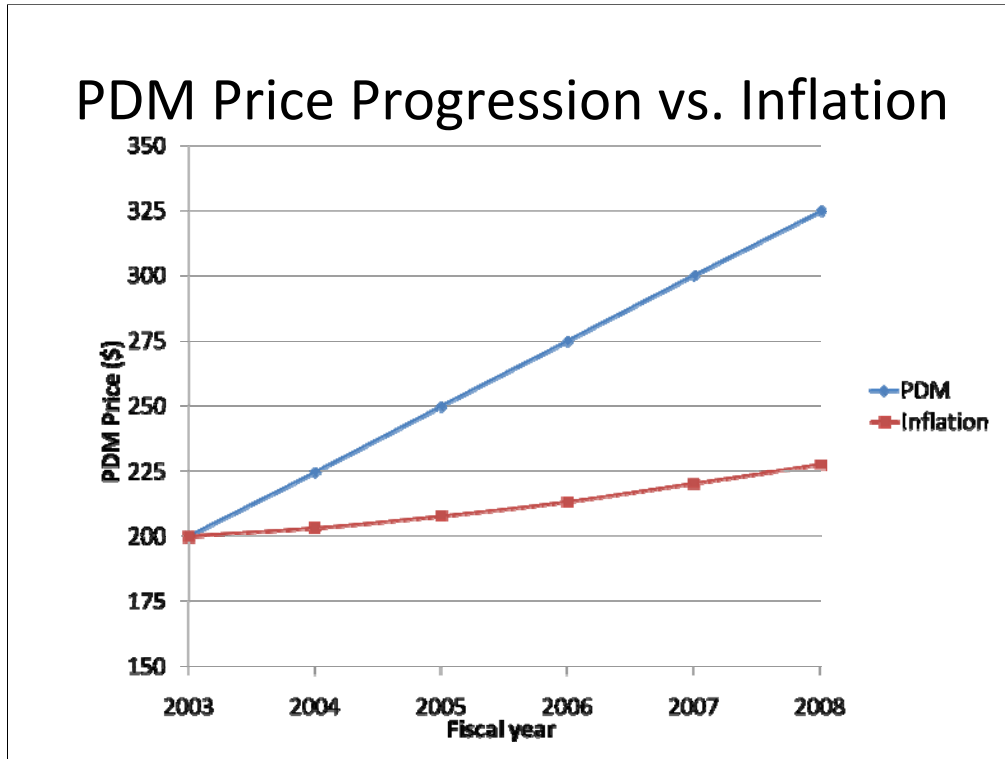
This graph illustrates the high level of utilization at Baker Dining; the facility served an average of 245 meals/night over the Fall 2006 term.



This graph illustrates the actual cost per meal when the upfront cost of PDM is taken into account, calculated by the average number of meals a student eats at Baker D per week.

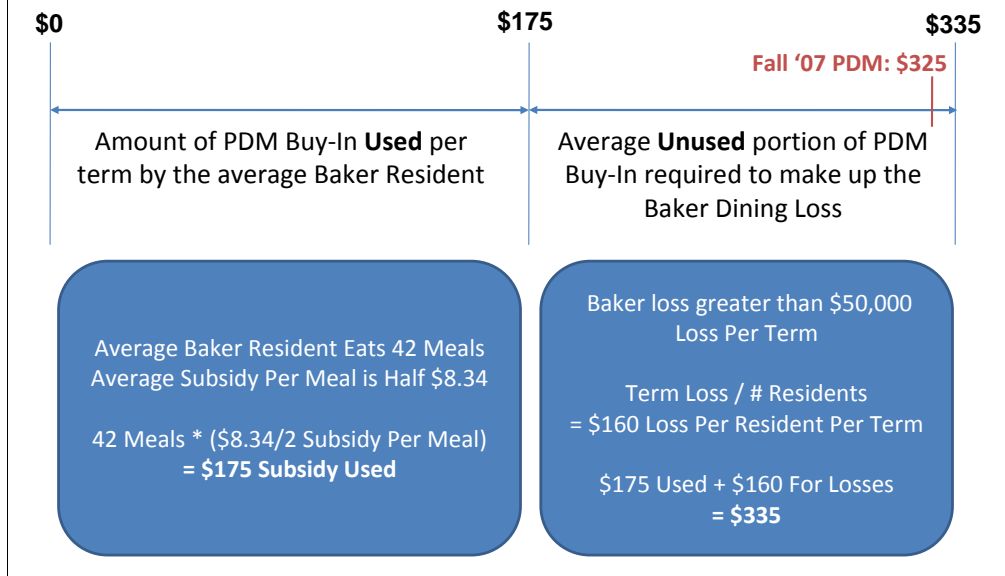


This graph shows the average number of meals per week needed to be eaten at Baker D to break even with PDM. This demonstrates the infeasibility for students to break even as the PDM price increases. It is even more infeasible for students that live in dining halls that are only open 5 days a week.



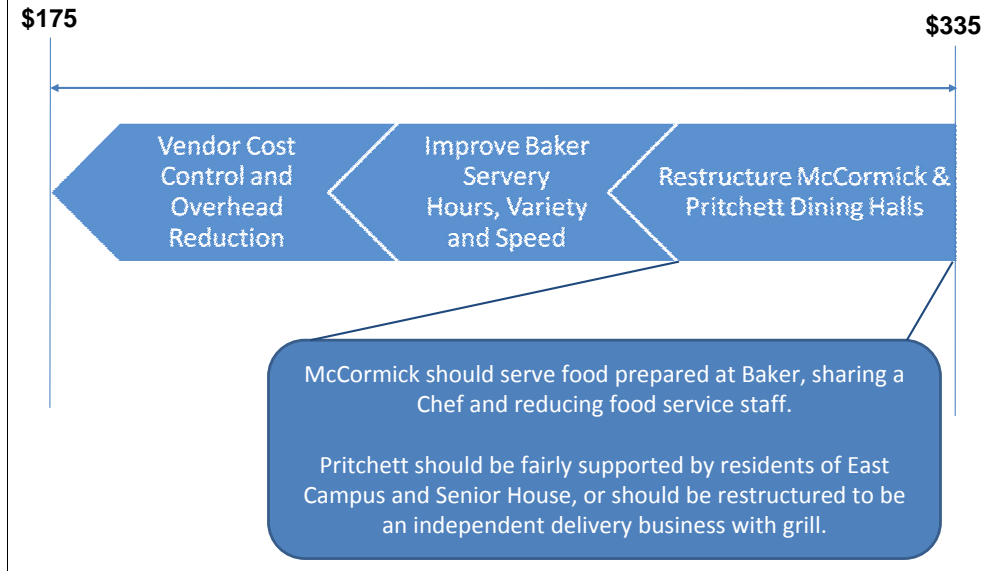
The Baker Dining Committee has been shocked by the rate at which the PDM price has increased. This chart shows the price PDM would be if price increases followed inflation (using historic inflation data with an assumption of 4% for this year). We started at the \$200 value PDM was when Baker agreed to a one semester, provisional trial. The BHDC believes it is unacceptable that increases in PDM price have so greatly outpaced inflation.

PDM Almost Completely Subsidizes Losses At Baker



The money lost by Baker students every term almost completely covers Baker's loss. At a PDM price the loss per student of \$160 would be enough to cover Baker's loss. While the BHDC feels it is good that Baker Dining is close to even, we feel that \$160 represents an unacceptable amount of loss for students.

Operational Improvements Can Lower the PDM Price to a Fair Value



The BHDC believes that there is no reason that Baker Dining, which is at capacity, should be losing over \$100,000 dollars a term. We believe that by restructuring the system there can be savings system wide which maintain or improve service while lowering the cost of the system and the cost students must bear. Baker Dining also requires some capital investment to improve the serving efficiency and allow for more volume through the space (which should increase it's profitability). Also by opening earlier or staying open later (maybe just the grill) they can spread out the serving time over a larger block and get more people through the space.

Any plan for success must also include some vendor cost control. The large increase in PDM prices seems to indicate increases in vendor costs that greatly outpace inflation.

Suggestions

- Restructure campus-wide residential dining system
 - Pritchett
 - Should be supported by a residence hall or not be considered part of the residential dining system
 - Change to an outside vendor with strong delivery presence
 - McCormick
 - Proximity of dining halls (50 meters)
 - Food can be prepared in Baker and shipped to cut costs
- Extend PDM to other on-campus facilities
- Change of vendor if profitability cannot be achieved

PDM Fall '07: Incentive and Value

- The fair price to the average Baker student would be \$175
- The inflation adjusted price, based on the initial agreement would be \$225
- PDM increases should match inflation
- System restructuring is necessary to make the overall system solvent
- Increase student input to the Office of Campus Dining