

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 18

DATE:

February 9, 2018

RECOMMENDATION

UNIVERSITY DINING SERVICES AGREEMENT EXTENSION

ACTION REQUESTED

It is recommended that the Board of Regents authorize the President to execute an agreement for the University to extend its current contract with Compass Group North American – Chartwells Higher Education (Chartwells) for an additional 5 years, to June 30, 2031.

STAFF SUMMARY

On June 21, 2016, the Board of Regents authorized the President to execute a 10 year dining services agreement with Chartwells FY. Per survey results, student satisfaction has increased across nearly all measures during the first year of the partnership. Also during the first year, the campus' dining options have experienced significant capital investment with the addition of Smashburger, Chick-fil-A and other Student Center dining option renovations.

The University is also contracted with Innovative Hospitality Solutions to perform twice annual reviews of dining operations. These reviews include evaluations of quality, safety, hygiene, and adherence to operational components of the contract. These reviews have resulted in positive outcomes per industry standards and contribute to process improvement plans.

FISCAL IMPLICATIONS

The University expects to realize an additional \$14.8 million in Net Present Value (NPV) over the extension term, which includes a \$5.5 million upfront cash payment to the University upon closure of the agreement. This additional NPV assumes that the financial model, and its inputs, in place for the initial agreement is extended through the 5 year extension. The expected additional revenue for the extension period exceeds \$50 million.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.


University Executive Officer

February 9, 2018
Date

EMU/Chartwells Dining Contract Extension

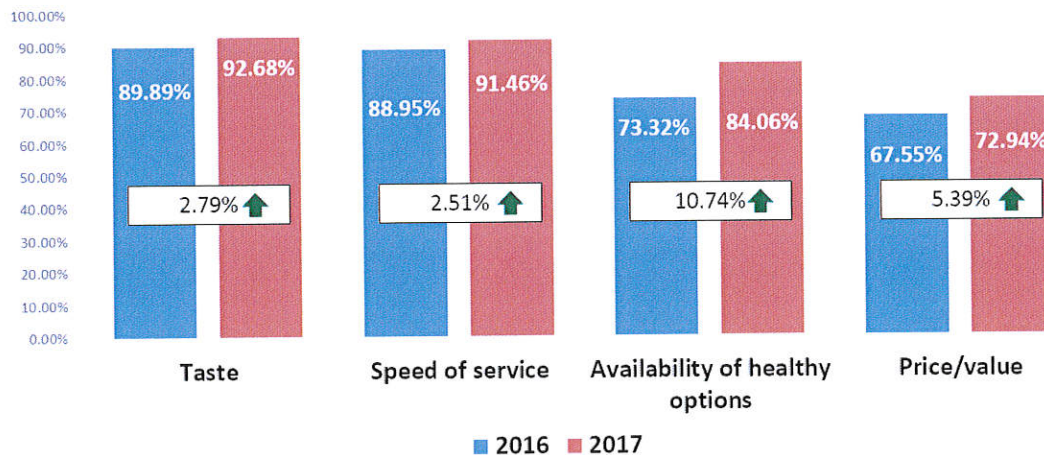
Since the implementation of the Chartwells dining concession agreement in July 2016, the University has been pleased with Chartwells' performance in delivering dining services to the University's student, faculty, staff and visitors. In accordance with the University's planning, it was concluded that a five year extension has mutual benefits for both the University and Chartwells.

Key Terms of Chartwells Extension:

- Term: 5 years (through 2031)
- Upfront consideration (payment): \$5.5 million
- Additional NPV provided: \$14.8 million
- Continuation of contractual features (inflation, etc.)

A 2017 student survey identified strong improvements over pre-Chartwell's dining offerings, which included, but were not limited to:


Improved Student Satisfaction



2016 & 2017 Q: "The following question is designed to determine how SATISFIED you are regarding the current dining service program. Please indicate how SATISFIED you are with the current dining service categories that are provided at your location."




Background

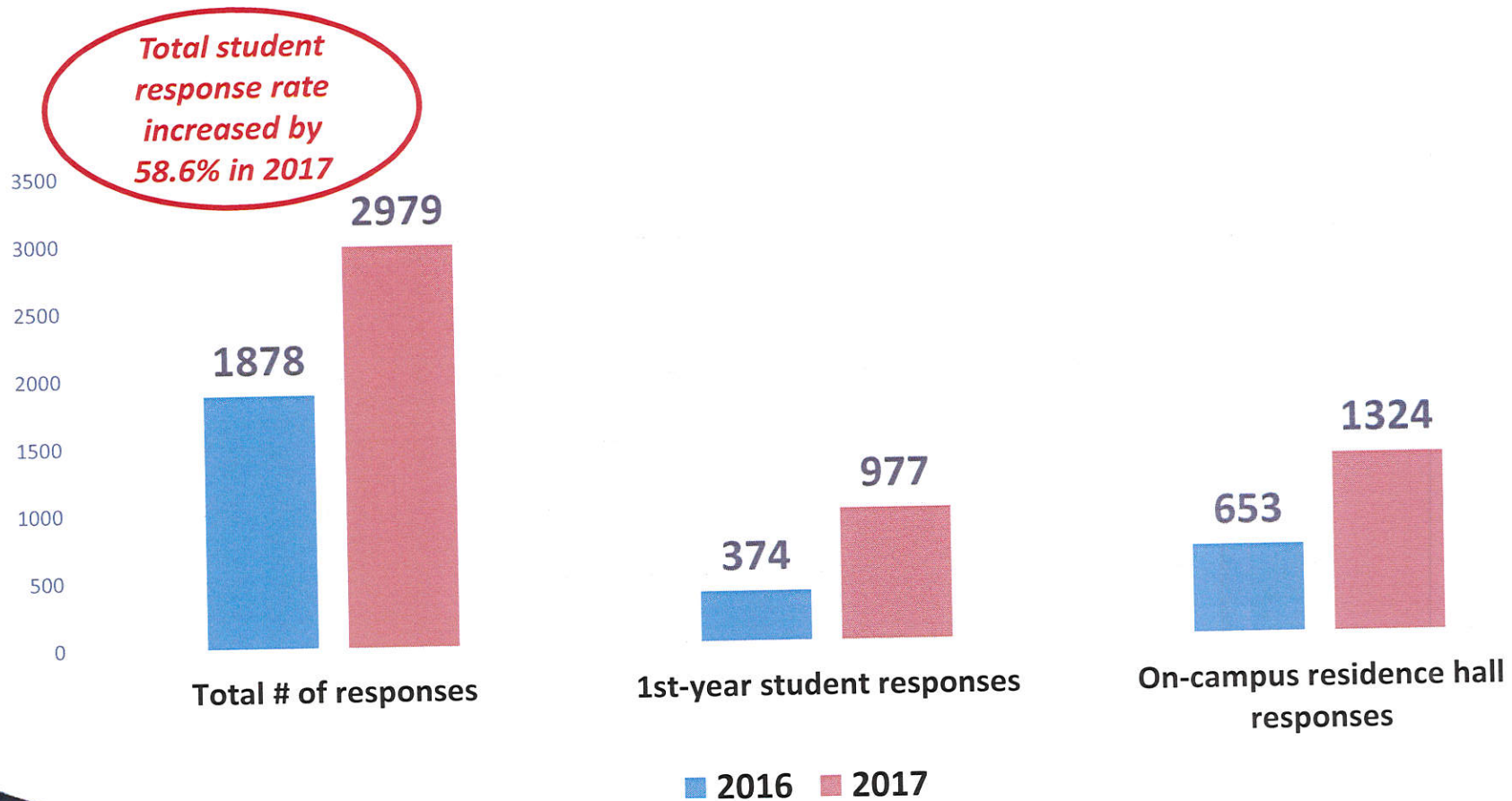
- Students surveyed about Dining in March 2016
 - Goal: Assess student satisfaction & preferences as University explored the future of Dining Services
 - Students surveyed again in October 2017
 - Asked virtually identical questions to 2016 survey
 - Goal: apples-to-apples comparison of student satisfaction with Dining before and after conversion to Chartwells
 - Survey administered by EMU Office of Institutional Research and Information Management
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Summary

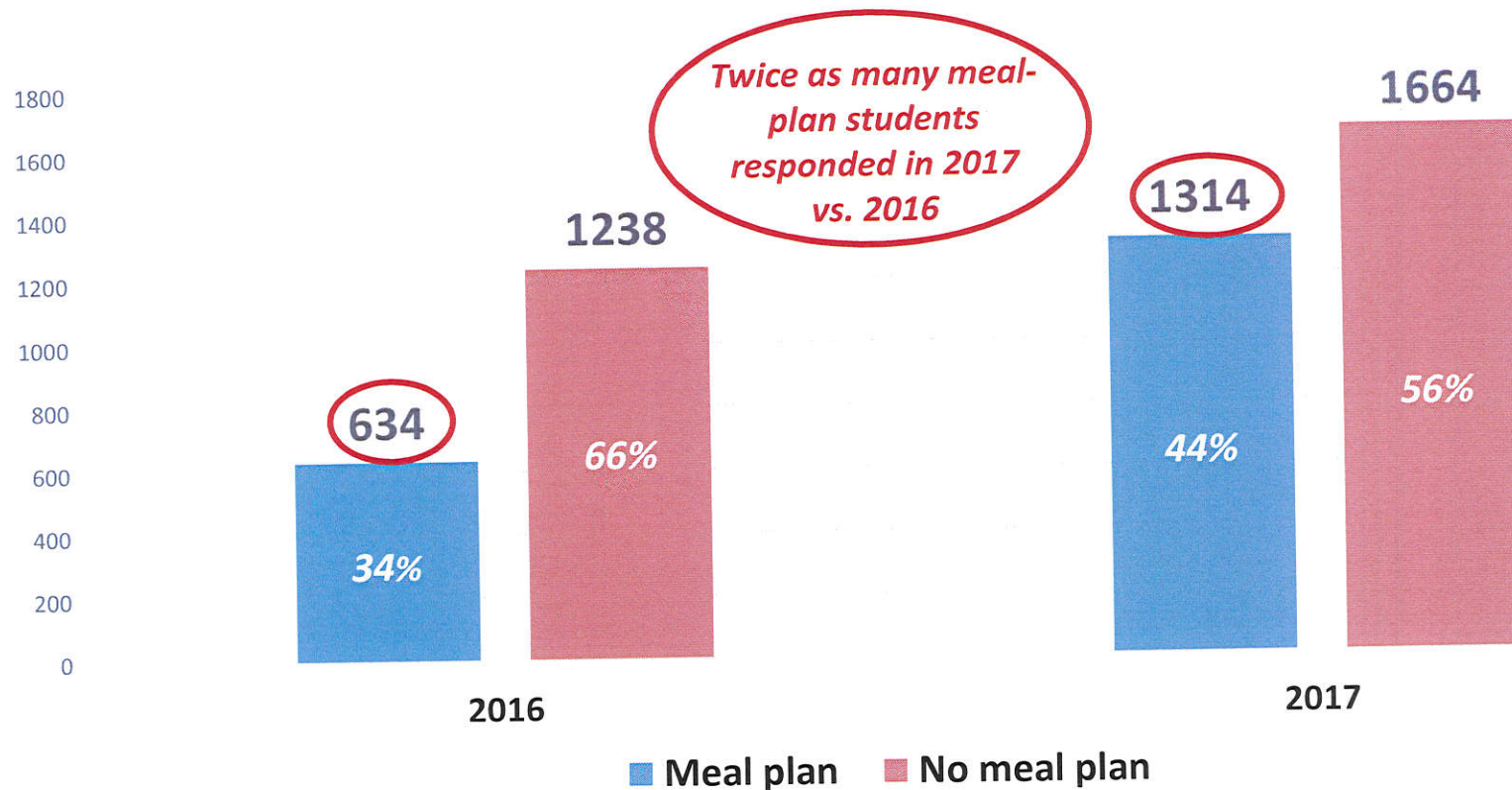


- Student response rate increased dramatically in 2017 compared to 2016
 - Student satisfaction increased between 2016 and 2017
 - Positive ratings consistent with external audit results
 - Student priorities virtually unchanged
 - Students eating more in the Student Center and less in Eagle Cafes
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More Students Responded in 2017



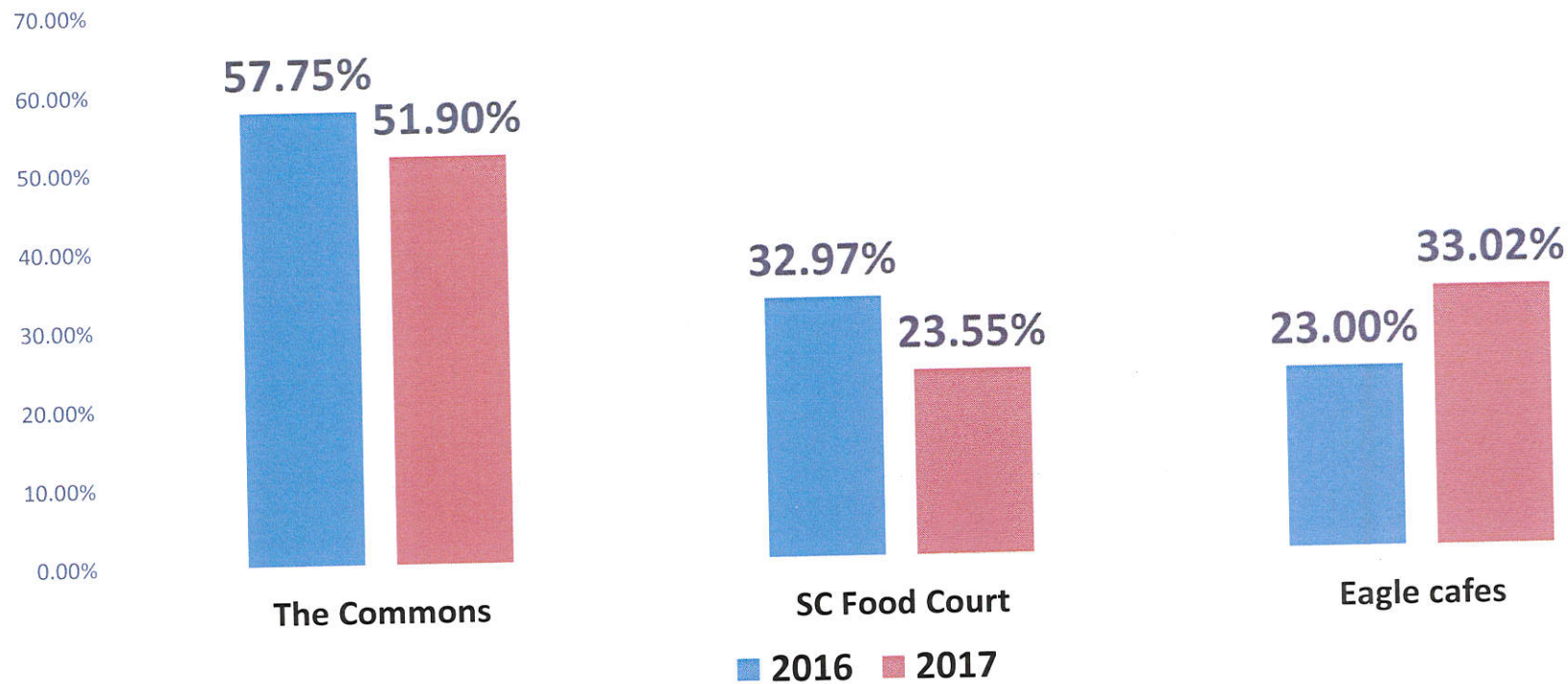
More Meal-Plan Students Responded in 2017



2016 Q: "Did you participate in a meal plan during the 2015/2016 academic year?"

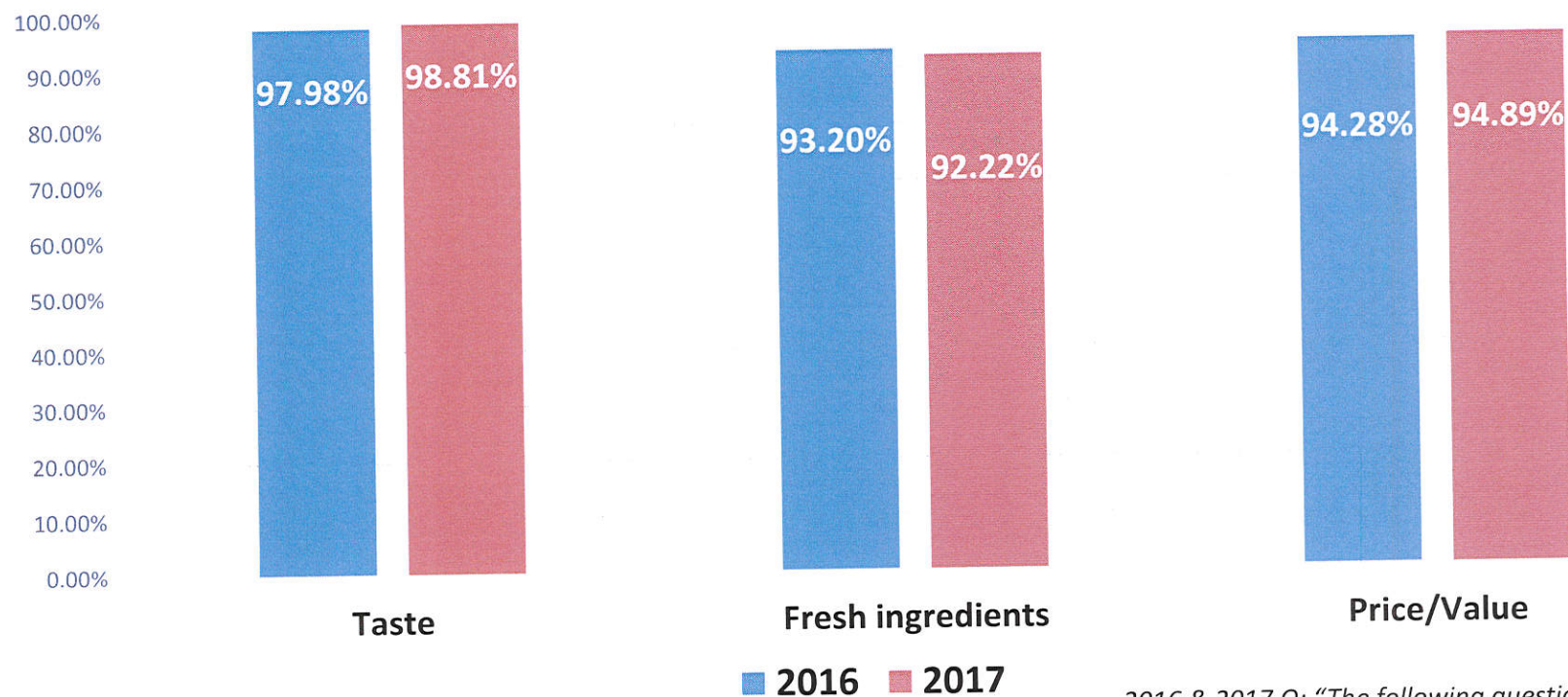
2017 Q: "Did you purchase a meal plan during the fall of 2017?"

Change in Frequency of Students “Never” Eating at Certain Locations



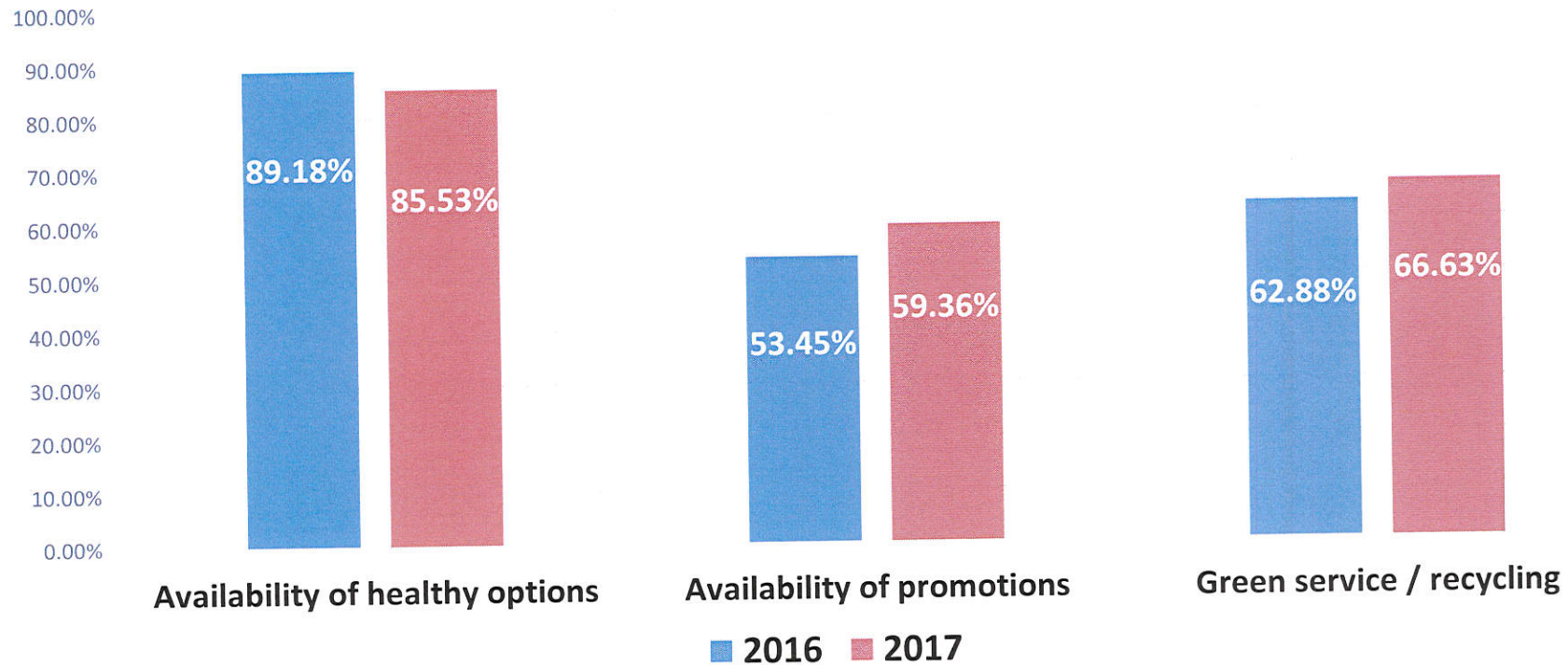
2016 & 2017 Q: "Please indicate the frequency of your use of on-campus dining service locations this academic semester."

Student Priorities Were Virtually Unchanged...



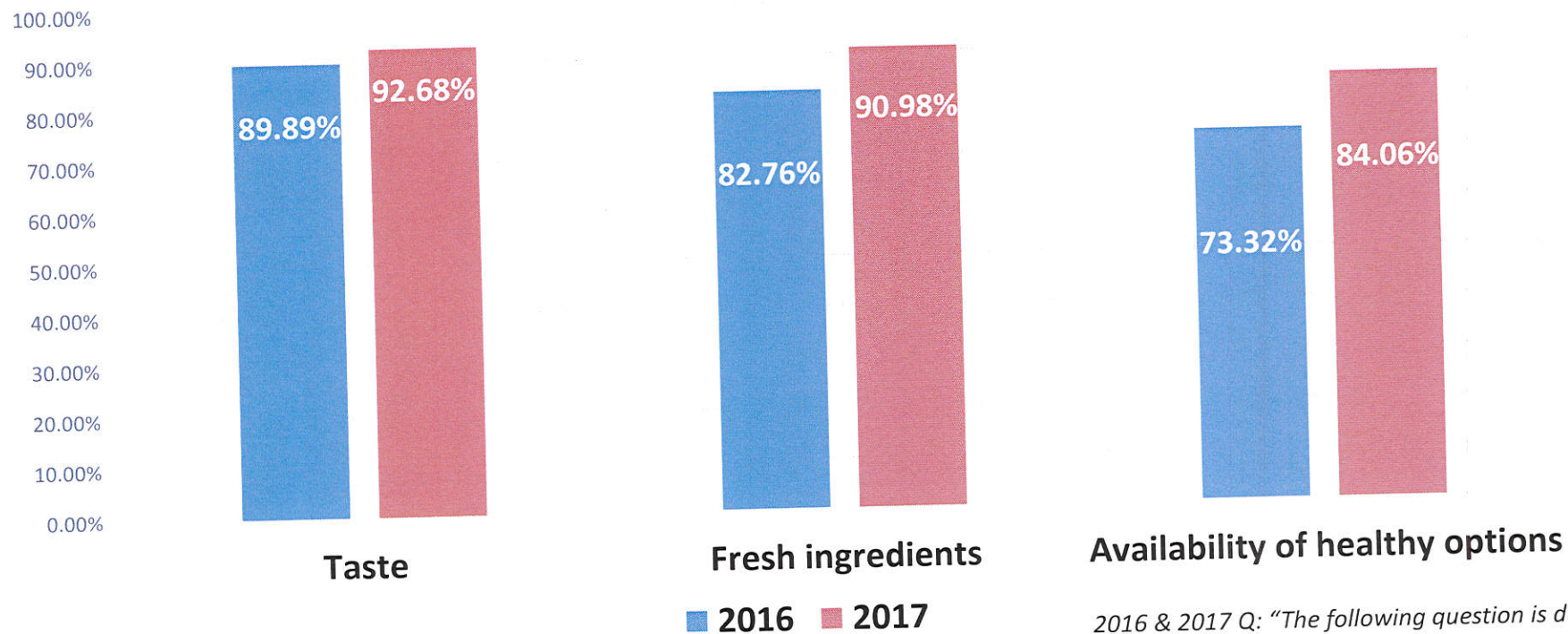
2016 & 2017 Q: "The following question is designed to determine what is most IMPORTANT to you regarding the dining service program. Please rate the importance of each of the following dining service categories."

... Except For a Few Areas



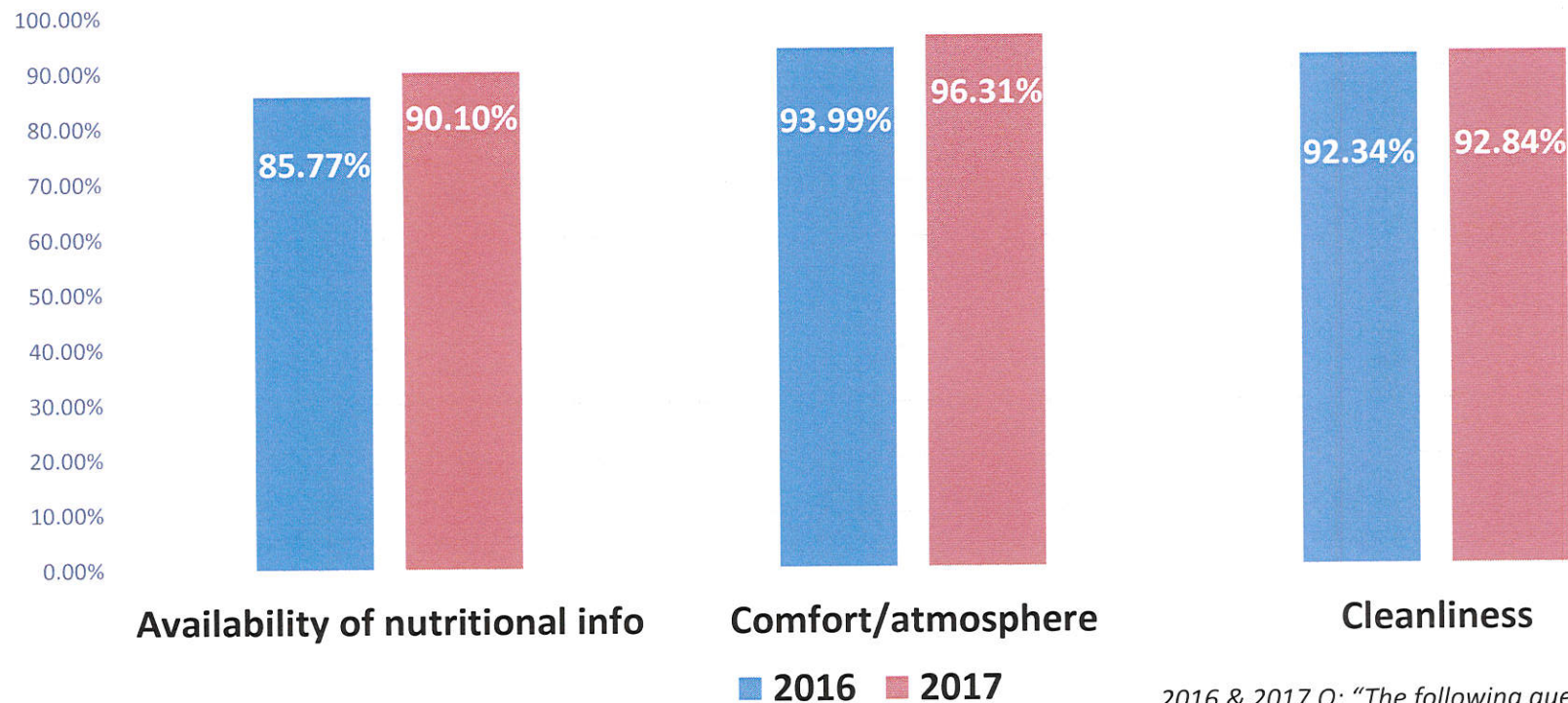
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Satisfaction in Most Categories Improved



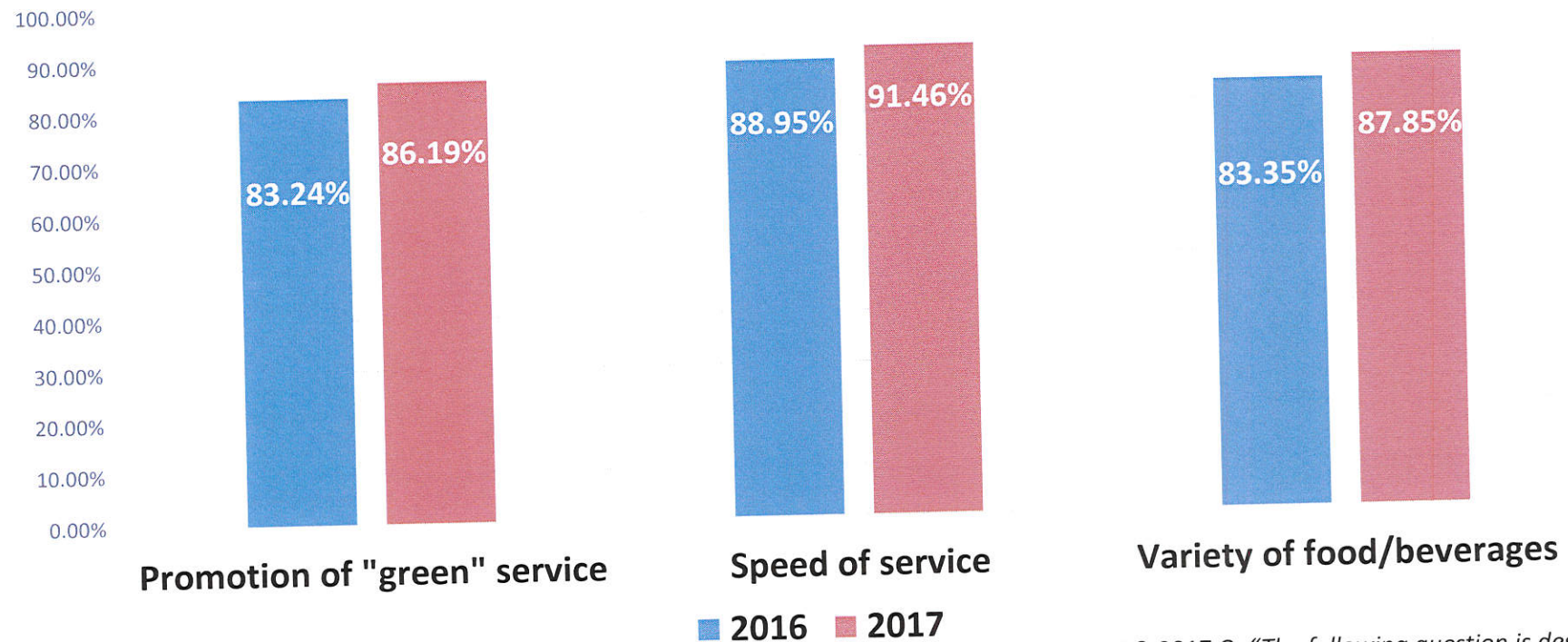
2016 & 2017 Q: "The following question is designed to determine how SATISFIED you are regarding the current dining service program. Please indicate how SATISFIED you are with the current dining service categories that are provided at your location."

Satisfaction in Most Categories Improved (cont'd)



2016 & 2017 Q: "The following question is designed to determine how SATISFIED you are regarding the current dining service program. Please indicate how SATISFIED you are with the current dining service categories that are provided at your location."

Satisfaction in Most Categories Improved (cont'd)

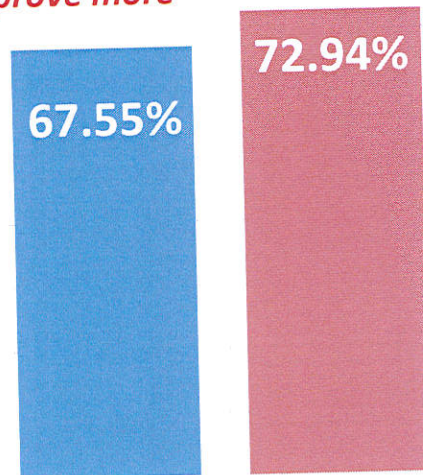


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Areas Needing Attention

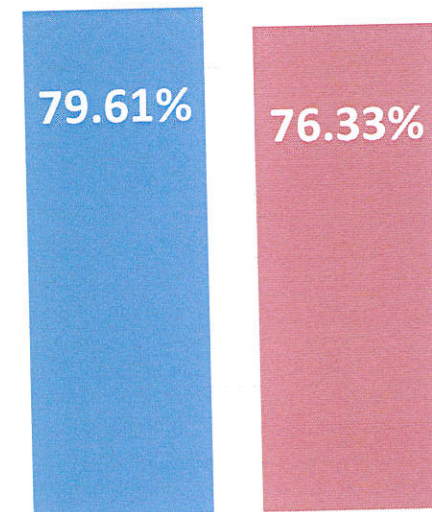
100.00%
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%

Although satisfaction with price improved, we would like these numbers to improve more



Price/value

■ 2016 ■ 2017



Availability of promotions

2016 & 2017 Q: "The following question is designed to determine how SATISFIED you are regarding the current dining service program. Please indicate how SATISFIED you are with the current dining service categories that are provided at your location."