

MEMO

To: Thuy Thi Nguyen, President

Cc: Advisory Council
Equity and Education Council
Community and Communication Council

Fr: Revenue and Resources Council

Date: November 6, 2020

Re: Campus Bookstore (Bookstore presentation from 11/6/20 attached)

At its 11/6/20 meeting, the R&R Council approved the proposal brought forth by Elias Regalado, Bret Watson, and consultant Tom Byrne to transition the Foothill College bookstore to the “contract management” model of operation by Summer 2021 as long as the situation of the classified bookstore staff could be negotiated satisfactorily. The motion in the council meeting passed with 9 yes votes and 3 abstentions.

We submit this recommendation to the President for consideration.

Approved by Mike Teijeiro, Cara Miyasaki, Denise Perez, R&R Tri-Chairs

Foothill College Bookstore Review Project

Bret Watson / Elias Regalado
Finance & Administrative Services

Tom Byrne
Campus Bookstore Consulting Corp.

November 6, 2020



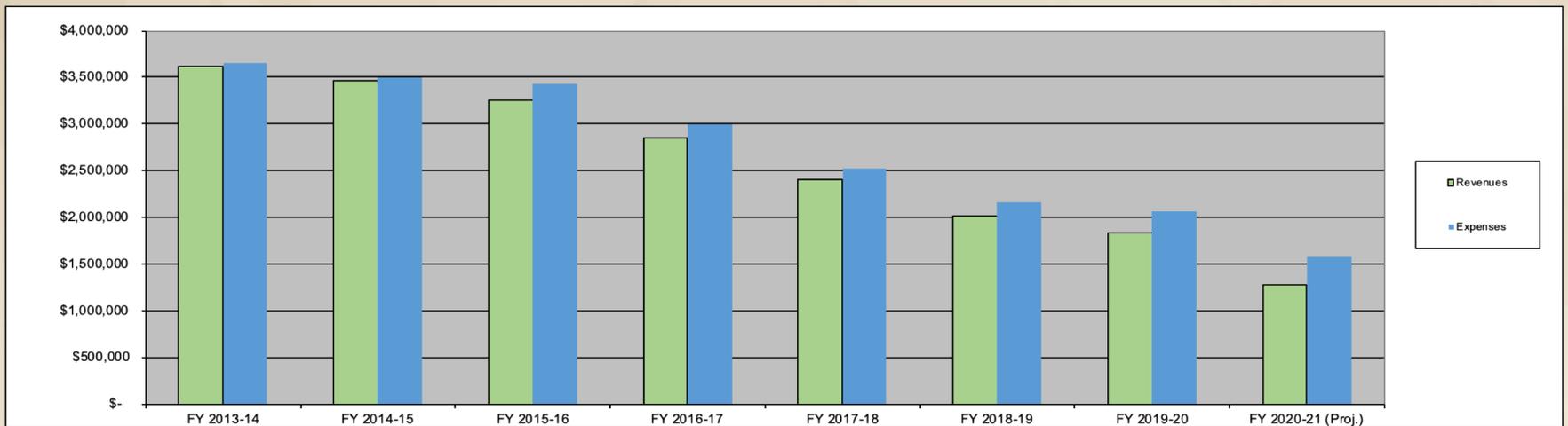
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foothill.edu

Agenda:

- Bookstore Financial History
- Review of Bookstore Business Models
- Questions/Comments and Vote Request

Financial History:



	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21 Proj.
Revenues	\$ 3,610,433	\$ 3,457,106	\$ 3,259,409	\$ 2,856,187	\$ 2,402,338	\$ 2,008,698	\$ 1,834,610	\$ 1,271,711
Expenses	3,657,768	3,502,838	3,427,130	3,001,738	2,518,104	2,160,927	2,056,582	1,571,711
Net Income/Loss	(47,336)	(45,732)	(167,722)	(145,552)	(115,766)	(152,229)	(221,972)	(300,000)

Review of Bookstore Business Models:

- **Bookstore Business Models:**
 - **Contract Management-** Operating under Contract Management, a college selects an outside company to manage its bookstore. The contractor purchases the bookstore's inventory and hires employees. The contractor pays a commission to the college for the privilege of operating the bookstore, usually in the form of a percentage of sales.
 - **Hybrid-** Operating under a Hybrid Model, a college selects an outside company to manage its course materials business/services via a customized website. In addition, the college or a contractor operates a campus store that features general merchandise products and services.

Contract Management:

- The Pros of Contract Management include the following:
 - **Financial Advantages.** The contractor returns to Foothill College a percentage of commissionable sales, along with the potential for a minimum annual guarantee (whichever is greater), removing some risk and uncertainty and allowing more accurate budgeting.
 - **Bookstore Management.** Foothill is relieved of the responsibility of daily management of the Bookstore.
 - **Combined Contract.** The contractor will be providing services to Foothill and De Anza, resulting in economies of scale that may lead to a more competitive contract and the ability of the contractor to operate more efficiently.

Contract Management (Cont.):

- The Pros of Contract Management include the following:
 - **Inventory Purchase.** The contractor purchases the Bookstore's inventory at fair market value.
 - **Facility Investment.** The contractor usually coordinates and funds a facility renovation.
 - **Course Materials Services.** The Bookstore provides comprehensive course materials services, such as online course materials purchasing, buyback, returns, registration integration, financial aid transaction capabilities, campus card transaction capabilities, etc.
 - **Course Materials Affordability/Formats:** The Bookstore provides affordable course materials options to Foothill College Students in multiple formats, such as new and used print textbooks, print and digital rentals, digital textbooks, course packs, OER course materials, inclusive access, etc.

Contract Management (Cont.):

- The Pros of Contract Management include the following:
 - **Faculty Services.** The Bookstore provides on-campus faculty adoption support as well as comprehensive adoption tools.
 - **In-Store/Online Commerce.** The contractor provides both in-store and online commerce capabilities.
 - **Technology.** Contractors have developed and provide technology and systems at their sole expense, to compete effectively in the rapidly changing marketplace.
 - **Systems Integration.** The contractor's technology typically integrates with many campus systems, such as the Student Information System (SIS), Learning Management System (LMS), Student Financial Aid (SFA), Registration, Campus Card, etc.

Questions/Comments and Vote Request:

- Based on the preceding, we recommend a transition to "Contract Management" for the operation of the Bookstore.
- Goal to is implement this change for Summer 2021 to avoid absorbing more losses into the next FY
- Issuance of the RFP is on hold while we continue working with District HR and ACE as it relates to negotiating any potential effects on current bookstore employees. It's important to release the RFP soon in order to meet the deadline for Summer 2021.