INTRODUCTION

In April 2016, the University of Washington Tacoma (“UWT” or “UW Tacoma”) engaged Brailsford & Dunlavey, Inc. (“B&D”) to develop a Convenience Store Operations Analysis (the “Analysis” or “Assessment”) for the Tacoma campus. The following were key objectives for the Analysis:

1. Assess overall operations of existing location of Dawg House Café and West Coast Grocery Store.
2. Evaluate existing trends in sales / transactions for both convenience stores to identify opportunities to serve the campus community best.
3. Assess qualitative impacts of including a new convenience store into the Court 17 housing facility.
4. Identify opportunities for enhancing overall store operations and food or non-food retail offerings to maximize the sales of both stores.
5. Determine best practices for proposed size, layout & offerings of both convenience stores based on market conditions.
6. Determine additional food and non-food retail opportunities to add to the campus.

Brailsford & Dunlavey wishes to acknowledge the support and contributions of all of the individuals involved in the project including:

- **Jan Rutledge**, Associate Vice Chancellor, Finance
- **Paul Weed**, Associate Director, Finance
- **Ben D. Mauk**, Real Estate Manager, Campus Planning & Real Estate
- **James Sinding**, Auxiliary Services Manager, Finance
- **Angela Zurcher**, Manager, Convenience Store

B&D’s project team was comprised of the following individuals:

- **Matthew Bohannon**, Regional Vice President
- **Andrew Perez**, Project Manager

The report sets forth B&D’s findings with respect to various market conditions and convenience store options. The findings contained herein represent the professional opinions of B&D’s personnel based on assumptions and conditions detailed in this report. B&D has conducted research using both primary and secondary information sources which were deemed reliable, but whose accuracy cannot be guaranteed.
WORK PLAN

B&D’s work plan included the following tasks, meetings and analyses completed during the summer of 2016:

- Assess overall operations of existing location for Dawg House Café.
- Evaluate existing trends in sales / transactions for both convenience stores to identify opportunities.
- Assess sale / transaction impacts of relocating the convenience store into Court 17 and identify opportunities for enhancing overall operations and store offerings to continue maximizing sales in both stores.
- Determine best practices for proposed size, layout & offerings of both convenience stores based on market conditions additional food service options on campus based on the student housing market analysis findings.

KEY FINDINGS

1. AUXILIARY SERVICE EXISTING CONDITIONS

OVERVIEW

The Convenience Store Operations Analysis assessed both the Dawg House Café (the “Café”) and West Coast Grocery Store (WCGS) to determine existing trends in sales and transactions based on historical information provided by UW Tacoma. Overall operations and sales remained fairly consistent over a 3-year period with minor growth year-over-year. As an example, average sales peaked to $47,500 during the months of October and April correlating with the start of each quarter (Fall and Spring showing the highest peaks). The increase of sales for both convenience stores has allowed the stores to average a 2% growth per year with the majority of the sales and transactions coming from the West Coast Grocery Store. Additionally, assuming a 2% growth year-over-year, convenience store sales are projected to total $366,100 by the end of the current academic year (2016-2017). At the time of this Analysis, partial sales information for half of the 2015-2016 academic year was provided, which showed a pace of growth to reach $359,000 at the end of the year.
As previously stated, the majority of the transactions that make up the roughly $360,000 in sales comes from the West Coast Grocery Store. The store is favorably situated along Pacific Avenue within the academic core of UW Tacoma allowing students to access it conveniently throughout the day in between classes. The West Coast Grocery building sees significant traffic from students as well as patrons from within the community coming off of Pacific Avenue. As with most convenience stores, the highest sales by category are generally comprised of mostly small snack items, such as candy, beverages/sodas, and chips, which WCGS accounts for as 58% of all transactions totaling $205,560. The next highest category in terms of sales is the grab-and-go option provided by local Tacoma vendor, Bagel Boyz, at a total of $59,212. Grab-and-go options have gained popularity in recent years on other campuses as students are seeking healthier, fresher, and quicker options. Similarly, WCGS at UW Tacoma continues to see these items grow in overall sales year-over-year including other items of sustenance like frozen food and microwavable items.

To support the growing demand for fresher and healthier grab-and-go options, the WCGS has maximized the use of existing space dedicated to refrigeration and display. The store has maintained consistency in transactions of snack items but is not able to keep with the pace of demand for popular grab-and-go items, such as Bagel Boyz and Molly’s due to a lack of refrigeration and counter space. Furthermore, the store is impacted by its overall size (520 SF) during peak times, lacks adequate storage and pantry space, and does not contain a sink for staff. Patrons waiting in line to purchase items have presented operational challenges as they are typically forced to block display areas or refrigerators preventing access for other patrons to shop for items. Overall, the store’s size and large number of items sold has inhibited the growth and success of WCGS.
In contrast, due to the Dawg House Café’s location in the Mattress Building, it does not experience the same level of foot traffic on the ground level as the WCGS. The reduced foot traffic has negatively impacted sales for the Café, which have not been able to sustain its own operations. The Dawg House Café has made significant attempts to provide fresh and new options similarly done at WCGS, as well as continuing to offer items that are popular among UW Tacoma students. However, its small size (200 SF) and the impact of its location with low foot traffic is of concern to the University. Although attempts have been made to enhance the operations, this Analysis will evaluate the success of relocating the Café to the Court 17 apartment building.

**FIGURE 3: DAWG HOUSE CAFÉ**

### 2 AUXILIARY SERVICE RECOMMENDATIONS

#### OVERVIEW

B&D’s assessment evolved from initially identifying ways to enhance both convenience stores to also providing concepts for complementary services and retail options throughout the campus. This analysis included an evaluation of the following existing food operations and proposed new food service concepts to be included on campus based on the vision of the University and through further discussion with the project committee during this process. In summary, the following were key objectives of this exercise:

- Identify opportunities to improve the existing Dawg House Café and West Coast Grocery Store if retained in their existing locations;
- Assess the viability of potentially relocating Dawg House Café into Court 17;
- Identify what new or improved food service concepts would be required to make the Dawg House Café viable in Court 17; and
- Evaluate the feasibility of including additional services and retail concept ideas on campus including the following:
  - Beverage and food vending,
  - Coffee cart concept, and
  - Food court or mixed-use retail.

Figure 4 identifies the preliminary assessment of the two (2) convenience store concepts along with the assessment of Dawg House Café’s proposed new location, which will herein be referred to as the Market Street Café. These three concepts were evaluated based on their proximity to other areas of UW Tacoma identified as academic sections of the campus and areas that are characterized as student life amenities, such as the University Y Student Center, Court 17 Apartments, campus bookstore, and retail along Pacific Avenue.
The next few sections will highlight the advantages, disadvantages, and opportunities for maximizing the operations of both convenience stores and other retail services (Figure 4).

FIGURE 4: MAP OF EXISTING AND PROPOSED CONVENIENCE STORE CONCEPTS

WEST COAST GROCERY STORE

Due to the lack of plumbing and cooking capacities in the store’s existing location, the focus for enhancing the existing space should be on expanding quality grab-and-go options, performing minor tenant improvements to expand the store, and reducing the number of items (SKUs) on shelves that produce the lowest sales. Utilizing other vending options nearby can also be utilized to offer lower selling items while freeing up valuable counter space and pantry or storage areas. Similarly, it is recommended that the WCGS include an additional open-display refrigerator to increase the selection of healthy and fresh food products by Bagel Boyz and Molly’s. More open-display refrigeration space can also be included at the point-of-sale station below the counter for efficiency. Once more, some of the lower selling items can be more conveniently sold in vending machines and located throughout the building to free up refrigeration space in the WCGS.

B&D also recommends expanding and opening up the existing entrance of the WCGS by replacing the wall with a storefront security gate commonly seen in indoor markets. The concept allows the store to pull the gate up during business hours and pull down to provide security while the store is closed. This open-air concept also allows items that are typically sold inside to be pulled to the exterior of the store. This concept could provide an opportunity to have more than one point-of-sale register (moveable) located on the outside of the store within the corridor. Furthermore, pulling the registers outside will allow lines to form at the exterior of the store freeing up space for patrons inside to continue shopping for items.
As it relates to retail offerings, WCGS should continue providing its most successful fresh food concepts to support the growing demand for grab-and-go options at UW Tacoma. As previously stated, some items sold in the WCGS can be supplemented by vending on other parts of the campus to free up shelf, counter, and refrigerator space. Emphasis should be on food of sustenance, such as quality grab-and-go packages, soups, and other hot items. Additional items that have historically been popular include frozen food options and pre-made sandwiches like pizza bagels, chicken chipotle, and the turkey special. Branded options (Molly’s and Bagel Boys) also remain an important aspect to the success of WCGS and the available diversity in retail offerings at UW Tacoma.

**MARKET STREET CAFÉ AT COURT 17**

Due to its size of approximately 600 sq. ft. and lack of cooking capacity, the space and location within Court 17 is most suitable for a café-style eating experience with grab-and-go options and made- or heat-to-order foods. Some indoor seating should be provided but maximizing space with a few flexible tables and chairs will allow for more room for patrons to wait in line. Its proximity to the University Y Student Center and location inside of Court 17 provides a critical mass of patrons that should assist in sustaining operations that was not attainable with the Dawg House Café. A utilization analysis of interior traffic patterns and point-of-sale transactions should be completed at the 90-day, 6-month, and year marks for the new café to determine any challenges with operations and layout.

The café’s distance may be perceived to be removed because of its location “up the hill” from the academic core along Pacific Avenue. However, this location will draw more students to the western portion of the campus further spreading out pedestrian traffic patterns. The street presence and entrance into the proposed café would not be as prominent as other mixed-use buildings on campus, which may require additional signage along Market Street and an outdoor seating area to draw patrons in. Parking is available in the structure below Court 17 but is primarily dedicated to residents overnight and on a first-come-first-serve basis during the day. Visiting patrons may find it difficult to visit the Café using a personal vehicle. However, given the urban setting of UW Tacoma, a variety of multi-modal initiatives by the University have been developed as a way to encourage students, faculty, and staff to walk, bike, use public transit, or ride-share when possible to alleviate the demand on parking throughout the campus.

Most recently, the success of public spaces such as sidewalk seating and “parklets” in cities like Seattle and San Francisco, have allowed retail
businesses to partner with municipalities to provide outdoor seating areas. Although additional permitting and a formal application process is required, the parklet can be used on the UW Tacoma campus through the partial utilization of the sidewalk and street to create public space. Figure 6 shows the recommended location in front of Court 17 (yellow highlight) for the inclusion of a parklet as well as current examples in the cities of Seattle and San Francisco. Further analysis by CPRE of its viability is recommended due to the presence of the drop-off and loading area near the entrance of Court 17.

The food options for a new café in Court 17 should complement other on-campus auxiliary services as well as the retail options provided on Pacific Avenue. The lack of available breakfast and late-night dining options on campus presents an opportunity for the Market Street Café to provide existing successful grab-and-go food (Molly’s and Bagel Boyz), as well as made- or heat-to-order options like paninis, wraps, and breakfast sandwiches. Also, to tailor to patrons coming from the University Y, items such as coffee, smoothies, healthy snacks, salads, and other light fare is recommended. Additional ways to distinguish the Market Street Café from other food service entities on campus is to offer seasonal daily specials that promote the sale of popular health-conscious foods (i.e., vegan, vegetarian, gluten-free, and paleo). Similarly, providing a “Soup of the Day” during colder months of the academic year offers a flexibility in the menu that can continue to attract students and evolve with the demand during each quarter.

**DAWG HOUSE CAFÉ**

As previously mentioned, the underutilized café located on the ground floor of the Mattress Building is not able to sustain its own operations through existing sales. As a part of this Analysis, alternative options for this space were evaluated to determine ways to maximize the space. A variety of retail and non-retail components were presented during the process to the overall committee but the Project Team will formally recommend two options within this Plan.

The first option includes incorporating an Amazon store. Unique to universities and currently only offered on a handful of campuses across the country, an Amazon Store provides students an opportunity to listen to music, play video games, watch movies, and use lounge spaces for studying or relaxing. Stores also provide access to Amazon lockers which offer an additional revenue stream for the University and lessen the burden on residence hall mail and storage spaces that are receiving large packages. Stores can range between 3,000 and 5,000 sq. ft. depending on the need for additional back-of-house storage space for handling
packages. Below is an example of an Amazon Store at UC Berkeley (Figure 7):

An additional option for the Dawg House Café location includes incorporating other student life spaces or resources that were previously recommended in B&D’s Student Life Master Plan (2007). Commonly found in student unions, additional student life spaces that can be offered include a computer lab with printing kiosks, group study rooms, Alumni Center, Welcome Center, or a one-stop-shop for student services (i.e., financial aid, bursars, Husky Card, etc.). These allow the University to provide more well-rounded services, if not currently offered now, or to expand upon existing spaces that are too small and located elsewhere on campus.

**FIGURE 7: PROPOSED AMAZON STORE CONCEPT FOR MATTRESS BUILDING**

**FIGURE 8: PROPOSED STUDENT LIFE SPACES FOR MATTRESS BUILDING**

**ADDITIONAL AUXILIARY SERVICES**

To complement the existing operations of the West Coast Grocery Store and proposed Market Street Café in Court 17, a variety of vending options as well as coffee carts were also explored in this Analysis. The overall Plan identified an opportunity to spread out vending throughout campus and offer popular coffee options elsewhere to alleviate some of the demand on the WCGS or Market Street Café. Currently, the campus offers fifteen (15) vending machines but does not provide coffee carts. Coffee is typically purchased at Starbucks, WCGS, Dawg House Café, and other local private vendors. The Analysis recognized the value of selling coffee at additional locations throughout the campus as well as ways to continue supporting the WCGS by alleviating some of its existing lower-selling smaller items that can be sold in vending machines.
Within the Plan, the Project Team recommended doubling the number of vending machines to thirty (30) and adding two (2) coffee carts. The locations of these complementary auxiliary services were identified in the Analysis and graphically expressed using the map shown below (Figure 9):

3 NEXT STEPS

As the University continues to grow in enrollment and adds more beds on campus, appropriately addressing food and retail demand through its auxiliary services is critical. The following points are recommendations to consider as the University continues to meet or exceed its enrollment projections:

- If the University plans to self-operate dining on campus, the completion of a detailed residence life dining assessment should be achieved in conjunction with the pre-design phase of new housing. Study should include an analysis of residence dining meal plans, commuter meal plans, Husky Card integration, survey-demand analysis, and recommendations on food retail options.

- A detailed financial analysis and operations master plan is also recommended to develop a strategy that addresses growth of auxiliary services on campus for the next 5 to 10 years. Plan should evaluate the success and challenges of proposed retail concepts from this Analysis, current operations, a comprehensive staffing plan, and business plan.

- If the University plans to outsource on-campus dining operations, a detailed business plan of mission-driven outcomes should be developed leading into the solicitation and selection process for a private dining vendor.

- The selection of an owner’s representative with dining experience is also recommended to lead the University through the solicitation and selection process of a vendor. The owner’s representative
may assist with RFQ and RFP development, proposal review and scoring, as well as vendor negotiations after selection.

Finally, an internal follow-up utilization assessment of the Market Street Café to analyze interior traffic patterns, point-of-sale transactions, menu, and sales by category is also recommended. Internal assessments should be completed at the 90-day, 6-month, and year marks for the new café to determine any challenges with the proposed layout and location.