

Executive Summary

ORS 279B Analysis

Attached is an analysis of college compliance with ORS 279B in the decision to contract out book store and food service operations. The net financial impact is an estimated gain of \$918,412 (\$493,768 book store and \$424,644 food services).

ORS 279B does not apply where the estimated contract price does not exceed \$250,000. The college estimates that neither the anticipated book store contract, nor the anticipated food services contract(s) price will exceed the \$250,000 threshold. "Contract price" in this context refers to the amount that the college would pay an outside contractor to deliver the services. In the case of book store and food services, the college would not pay for the services provided by an outside contractor. Instead, the contractor would provide services in exchange for the opportunity to serve the campus community. The estimated net revenue in contractor partnerships for book store and food services operations would be \$420,000 (\$395,000 book store and \$25,000 food services).

Cost Analysis of Lane Community College Bookstore

LCC Operated Bookstore vs. Contracted Out Bookstore Services

Current - LCC Operated Bookstore

	FY 19-20	FY18-19	FY 17-18
Revenues	Projected	Projected	Actuals
Sales	1,922,827	2,493,900	3,122,678
Total Revenues: \$	1,922,827	\$ 2,493,900	\$ 3,122,678
Expenses			
Staff Costs	558,933	731,800	981,120
Materials & Supplies	129,182	129,182	146,221
Cost of Goods Sold	1,333,480	1,865,919	2,274,492
Total Expenses: \$	2,021,595	\$ 2,726,900	\$ 3,401,833
Revenue/Expenditures	(98,768)	(233,000)	(279,155)
Less Administrative Recovery	(250,000)	(500,000)	(500,000)
Net Change in Fund Balance	\$ (348,768)	\$ (733,000)	\$ (779,155)

Projected- Financial Gains from Contracting Out

	FY 19-20	
Revenues	Projected	
Sales	-	
Commission	400,000	Note* \$400K guaranteed first year
Total Revenues: \$	400,000	
Expenses		
Staff Costs	\$ -	Staffed by Vendor
Materials & Supplies	5,000	Conservative estimate
Cost of Goods Sold	-	Inventory owned by vendor
Capital Expenses	-	No planned capital
Total Expenses: \$	5,000	
Revenue/Expenditure	395,000	
Less Administrative Recovery	(250,000)	
Net Change in Fund Balance	\$ 145,000	
Financial Gain from Contracting Out:	\$ 493,768	

Cost Analysis of Lane Community College Food Services

LCC Operated Food Services vs. Contracted Out Food Services

Current - LCC Operated Food Services

	FY 19-20	FY18-19	FY 17-18
Revenues	Projected	Projected	Actuals
Sales	473,515	570,500	731,409
Total Revenues:	\$ 473,515	\$ 570,500	\$ 731,409
Expenses			
Staff Costs	562,059	624,510	705,353
Materials & Supplies	311,100	366,000	522,853
Total Expenses:	\$ 873,159	\$ 990,510	\$ 1,228,206
Revenue/Expenditures	(399,644)	(420,010)	(496,797)
Less Transfer to General Fund	-	-	-
Net Change in Fund Balance	\$ (399,644)	\$ (420,010)	\$ (496,797)

Projected - Financial Gain from Contracting Out

	FY 19-20
Revenues	Projected
Sales	-
Lease Revenue	30,000
Total Revenues:	\$ 30,000
Expenses	
Materials & Services	5,000
Total Expenses:	\$ 5,000
Revenue/Expenditures	25,000
Net Change in Fund Balance	\$ 25,000
Financial Gain from Contracting Out:	<u><u>\$ 424,644</u></u>