ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO
ASSOCIATED STUDENTS BUSINESSES COMMITTEE
MEETING MINUTES

Monday, April 25, 2016

10 a.m.
BMU 205

Members Present: Matt Zaleski, Megan Odom, Stacie Corona, Michelle Korte, Amanda Labrador, Brent Adams

Members Absent: Pedro Douglas, Daniel Venancio

Others present: David Buckley, Karen Bang (recording), Jamie Clyde, Sarah Foisy, Corinne Knapp, Elaine Kramer, Brett Rahtz, Tom Rider

I. CALL TO ORDER – The Chair, Zaleski, called the meeting to order at 10:01 a.m.

II. AGENDA – Information Item C. was added to the agenda: Associated Students Advisory Measure.

III. APPROVAL OF MINUTES – None

IV. ANNOUNCEMENTS – Clyde introduced Tom Rider, the AS Executive Chef. Zaleski introduced Brett Rahtz the new Vice President of Business & Finance.

V. PUBLIC OPINION – Limited to items on the agenda – None

VI. OPINIONS – None

VII. BUSINESS

A. Information Item: Dining Services retail options in old Conference Services space – BMU 102. Clyde and Knapp presented regarding the Urban Market Concept. Knapp explained that the space they are talking about is the old Conference Services space (BMU 102). She said it’s basically the same footprint as Common Grounds, noting there are currently three offices within the space. A drawing of suggested renovations to the space was shown, and Knapp said that two of the three offices would be knocked out. Industry Trend data was presented and the organic food and beverage market is expected to grow by 15.7% from to 2020. Knapp next showed various pictures of the look they’re going for, noting that our grab and go products will be very similar to those from the local Co-Op. She said the Marketplace has seen an increase of prepared food sales of 36.5% compared to last year. She said the vendor we work with, also works with Trader Joe’s. The food is of the same quality and types of items that Trader Joe’s has. She said they would also stock some items that could be finished at home, such as crock pot items, as well as a small selection of grocery items to take home. She reviewed the type of products that would be featured in the store: Pure cane sugar, healthy, organic, vegan and vegetarian, Fair Trade Certified, natural and gluten free. Clyde provided an overview of the project and said total project estimated costs is $143,000. FMS cost of construction, counters, signs and fixtures (depreciated over 10 years) would be approximately $103,000. Equipment would cost approximately $40,000 (depreciated over 7 years). Clyde next reviewed the budget for years 1 through 10, explaining that they looked at our C stores in terms of labor and cost of sales. They also looked at transactions, and took into account Common Grounds and Creekside. For the first year, approximately $329,700 in operating income, with net income at $36,975. It is anticipated that it will take 2 ½ people to run this store. Clyde said they expect a Return on Investment in year three and the increases to minimum wage have been taken into account. Buckley said minimum wage will go from $10.50, to $11, then $1 up each year until it reaches $15/hour. Clyde said depreciation is included in operating expenses. Adams asked about competition between this new store and Common Grounds. Clyde said she thinks the coffee shop will work well with this new Urban Market Concept and will provide energy between the two areas. A small amount of seating will be set up in front of both the coffee shop and the new market. In addition, they will have products that do not necessarily compete with each other. Clyde said if the Marketplace is opened half an hour later each morning during the academic year, more breakfast items would be available in the coffee shop and urban market. Clyde said she and Knapp went through every 15 minutes of Marketplace, Common Grounds, Butte and Holt to see when people are in, and what type of products they’re purchasing. She said there’s not a lot of inefficiency there. Operating hours were discussed and Knapp said one of the complaints they hear is that there is nowhere to eat in the BMU after 4 p.m. If the demand is there, they can open this store up longer. Discussion was held regarding this item.
B. **Information Item: 3/31/16 Auxiliary Activities Fund Capital Expenditure Report** – Buckley reviewed with the committee. For the third quarter there was only one item purchase – prep fridge replacement. A total of $32,390 has been spent YTD. He said $103,610 still remains in Capital Expenditures.

C. **Information Item: Associated Students Advisory Measure** – Buckley said the Board will be discussing this item at Wednesday’s Board meeting, with the idea that they’d take action at the following meeting. He said it’s pertinent that this committee provide feedback to the Board via Zaleksi. Zaleski said he spoke with a lot of elected officers and everyone is on the fence about it. He said this would be taking away from sales, but the students voted to stop selling plastic water bottles. He said; however, that they’ll most likely be replacing bottled water purchases with less healthy items like sports drinks, which are also in plastic bottles. He said if we can’t recover the cost we’d have to make up for it in other areas, but hope to at least make up part of that cost. Net is around $60,000/year per Buckley. It’s unknown at this time if lost sales will be made up by selling sugary drinks. Buckley said Jarquin is thinking of going with a pilot run of this for one year at Butte Station to see how this goes; however, Jeff Carter said this would be a breach of contract with Pepsi if they did not agree to this. Korte asked what “single use bottled water” is defined as and Buckley said anywhere from 8 to 20 oz. of bottled water, including boxed water. Clyde said if carbonated or flavored, doesn’t count. Korte said she would like to make sure that we have plenty of availability of water for students. It was noted that hydration stations are all located inside buildings. Adams said during the classes’ campaign they made it sound negative that the AS is recycling bottles and questioned the purpose of this Advisory Measure. Labrado asked if a one year pilot program is started, whether or not it can be reversed. Zaleski said the Board is discussing this. Further discussion was held. Knapp said when they opened Common Grounds, they wanted to showcase sustainability so did not include bottled water, only organic or fair trade bottled beverages. She said within two weeks customers were complaining and were really upset that bottled water wasn’t available to purchase. By month three, Knapp said bottled water was put in Common Grounds due to so many customer requests. Adams asked how we’d market not selling bottled water and Buckley said we would show that we’re more of a green and sustainable campus. Buckley said he’s concerned regarding the financial aspect of this and noted the Board also has a fiduciary responsibility to the students. He said if they try the pilot program, we could then see what the financial impact would be. He suggests using some of the SFAC money to offset losses, back to Dining because it’s for sustainable projects. He said this would mean less SFAC money for students, but then we would not be dealing with the fiduciary implications of this.

VIII. **DINING SERVICES DIRECTOR’S REPORT** – Clyde reported that they’re very busy with events. She said there are two internal candidates for the retail manager position (Knapp’s old position) and interviews are being held this week. • Clyde said they declined doing concessions for the Chico Heat. She said they are looking into partnering with Round Table Pizza or another competitor to showcase some of their products.

IX. **CHICO STATE WILDCAT STORE DIRECTOR’S REPORT** – Foisy said this past week she met with the Affordable Learning Solution Committee. They’re currently setting up next year’s program for saving money on textbooks and will help to promote how the Wildcat Store can help teachers and instructors to save money, such as turning books into rentals if they use the same book for a certain amount of time. She said this helps them and helps the store.

X. **EXECUTIVE DIRECTOR’S REPORT** – Buckley had nothing to report.

XI. **VP APPOINTEE’S REPORT** – Labrado reviewed the BMUC items from the April 14 meeting.

XII. **CHAIR’S REPORT** – Zaleski said the Board will be voting on approval of the AS budget at this week’s meeting and will be discussing student officer compensation. He said because undocumented students can’t be paid, they are considering switching compensation to scholarship based, based on attendance costs at CSUC.

XIII. **ANNOUNCEMENTS** – None

XIV. **PUBLIC OPINION** – None

XV. **OPINION** – None

XVI. **ADJOURNMENT** – The Chair, Zaleski, adjourned the meeting at 10:57 a.m.