

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

Monday, October 1, 2018

10 a.m.

BMU 205

Members Present: Alex Williams, Dan Herbert, Stacie Corona, Michelle Korte, Megan Odom, James Ryan, Chris Taverite

Members Absent: Zachary Schmechel

Others present: David Buckley, Karen Bang, (recording), Jamie Clyde, Steve Novo, Tom Rider, Elaine Kramer, Katrina Robertson, Colette Young, Thang Ho, Alisha Sharma

- I. **CALL TO ORDER** – The Chair, Williams, called the meeting to order at 10 a.m.
- II. **AGENDA** – Regarding agenda item V. A., the academic year was corrected to be listed as 2018-19.
- III. **APPROVAL OF MINUTES** – Minutes of the regular meeting of 4/30/18. **Motion to approve the minutes of the regular meeting of 4/30/18, as presented (Taverite/Corona) 7-0-0 MSC.**
- IV. **ANNOUNCEMENTS** – None
- V. **BUSINESS**
 - A. Action Item: Approval of Resolution for Establishing Time and Location for Associated Students Businesses Committee meetings for the academic year 2018-19. **Motion to approve Resolution for Establishing Time and Location for Associated Students Businesses Committee meetings for the academic year 2018-19, as presented (Ryan/Herbert) 7-0-0 MSC.**
 - B. Information Item: Local Agency Investment Fund and Certificates of Deposit for quarter ending 6/30/18 – Clyde reviewed and explained the reports with the committee noting for 2017-18, LAIF earned \$192,359 in net interest and CD's earned \$36,214 in net interest.
 - C. Information Item: 6/30/18 Auxiliary Activities Fund Capital Expenditures Report – Clyde explained that when a budget is put together, a "wish list" of items each areas thinks they may need to spend money on for the year are placed on this report. She reviewed the potential items and explained that none of them were purchased. Replacement of the food delivery truck was discussed.
 - D. Information Item: 6/30/18, 7/31/18 and 8/31/18 Dining Services Financials – Clyde explained that Residential Dining is Sutter; everything else is considered cash operations. She also explained the Residential Dining contract with the University. For 6/30/18 Cost of Sales was at \$1,673 (0.1%) less than budget, total operating expenses at \$74,316 (2.6%) less than budget, with total net income at \$171,399 (40.33%) more than budget. Clyde said the 2017-18 budget was based on a \$425,000 contract with University Housing, and said we are now at a \$500,000 flat rate contract. She said they came in \$96,000 better than budget, which was split with University Housing. Clyde said the CalPERS retirement fund was underfunded, and last year's Board decided to bring it up by \$1.6 million to fully fund. She said Dining Services portion was \$223,982. The Cash Operations Executive Summary was next reviewed, noting Operating Income at \$665,073 (13.8%) less than budget. Net income fiscal year end (\$372,561), compared to budget of (\$203,969). She said they did better than budget by \$55,300 but CalPERS effected final totals. She said they lost less money than they thought they would, and actually had a very good year (Odom joined the meeting at 10:40 a.m. Clyde noted that minimum wage increases have had an effect on all areas. • Rider reviewed the August financials, noting July information was pulled in to August. He said July was a dismal month, and the last five days of August were extremely busy. For all areas of Dining, revenue was \$9,304 more than budget, Net Income at \$11,322 more than budget. Rider next reviewed each retail area and explained the new menu items in the Marketplace. The food/coffee cart on Warner Street was discussed as well as the possibility of Calfresh benefits at Urban Roots. Clyde explained that the budget is divided by academic days.

- E. Information Item: 6/30/18, 7/31/18 and 8/31/18 Wildcat Store Financials – Tabled
- F. Information Item: 6/30/18, 7/31/18 and 8/31/18 Follett Wildcat Store Financials – Tabled
- G. Information Item: Branded Concept Update – Clyde presented a strategy for Marketplace development, noting retail operations continue to struggle financially and that within the next three years with the minimum wage rate increases, assuming no other changes, retail operations will no longer have a positive bottom line. She said even including Sutter's revenue, the Marketplace will not be financially stable. Clyde said that surveys and focus group results showed that 77% of respondents want to see branded concepts. She also reviewed the reasons respondents did not want branded concepts. She said the number one brand they want is Chipotle, followed by Panera, Panda Express, and Taco Bell. She said what is most important to the students is variety and price. Focus groups show that students have strong loyalty to food brands. Clyde said Dining would like to bring in a consultant, Webb Foodservice Design, who would provide a foodservice feasibility study for the Marketplace regarding how to bring in a brand. Clyde said both Panda Express and Panera Bread were good fits for us, in terms of financial viability and social choices. However, when they looked at the physical space of the kitchen, Panera fit into our kitchen, Panda did not. Panda said it would cost them \$800,000 to redo the kitchen, which would be a risk because we would be stuck with that configuration if it did not work out. She said Panera fits in the kitchen, noting the grill area could be removed. She said Panera is pricier but we can control pricing and products. Regarding financial Implications for the first year (2019-20), Clyde said it would cost us \$42,000 more than what it would now, but with \$50,000 depreciation. She said all things being equal, we wouldn't be financially viable in three years, but would lose less than what we currently are. She reviewed the financial implications to Dining from 2019-20 through 2023-24, which shows how much Dining Services will continue to lose. She explained that they are trying to get these numbers down and cannot do it alone on retail. Clyde explained that in order to bring Panera in during the summer of 2019, we're as close as we can possibly be regarding the timeline. She said that without full plans in the hands of Facilities Management Services, and a contract signed by mid-December, it wouldn't happen this summer. Clyde explained this item has to go to the Board, and then a contract has to be negotiated. Discussion was held and it was decided that a Special ASBC meeting will be held on Monday, October 8 to continue discussion of this item.

- VI. **INTERIM DINING SERVICES DIRECTOR'S REPORT** – Due to time constraints, did not report.
- VII. **CHICO STATE WILDCAT STORE DIRECTOR'S REPORT** – Due to time constraints, did not report.
- VIII. **EXECUTIVE DIRECTOR'S REPORT** – Due to time constraints, did no report.
- IX. **VP APPOINTEE'S REPORT** – Due to time constraints, did not report.
- X. **CHAIR'S REPORT** – Due to time constraints, did not report.
- XI. **ANNOUNCEMENTS** – None
- XII. **PUBLIC OPINION** – Limited to three minutes per speaker, five minutes for entire topic – None
- XIII. **ADJOURNMENT** – The Chair, Williams, adjourned the meeting at 11:38 a.m.